

Portsmouth City Council

A MEETING OF THE COUNCIL will be held at the Council Chamber - The Guildhall on Tuesday, 18 March 2014 at 2.00 pm and all members of the council are hereby summoned to attend to consider and resolve upon the following business:-

Agenda

- 1 **Members' Interests**
- 2 **To approve as a correct record the Minutes of the Ordinary Meeting of the Council held on 11 February 2014 (Pages 1 - 30)**
- 3 **To receive such communications as the Lord Mayor may desire to lay before the Council, including apologies for absence.**
- 4 **Deputations from the Public under Standing Order No 24.**
- 5 **Questions from the Public under Standing Order 25. (Pages 31 - 32)**
- 6 **Appointments**
- 7 **Urgent Business - To receive and consider any urgent and important business from Members of the Cabinet in accordance with Standing Order No 26.**
- 8 **Local Transport Plan 3 - Implementation Plan 2014/15 - Cabinet Recommendation 3 March 2014 (Pages 33 - 40)**
To receive and consider the attached recommendations of the Cabinet held on 3 March, the report for which is also attached.
- 9 **Treasury Management Policy for 2014/15 - Cabinet Recommendation 3 March 2014 (Pages 41 - 106)**
To receive and consider the attached recommendation of the Cabinet held on 3 March, the report for which is also attached.
- 10 **Budget and Performance Monitoring 2013/14 3rd Quarter - Cabinet Recommendation 3 March 2014 (Pages 107 - 146)**
To receive and consider the attached recommendations of the Cabinet held on 3 March, the report for which is also attached.
- 11 **Probate Applications - Governance & Audit & Standards Committee Recommendation 30 January 2014 (Pages 147 - 152)**
To receive and consider the attached recommendations of the Committee

held on 30 January 2014 in respect of the above matter, the report for which is attached.

12 School Transport Appeal Committee - Governance & Audit & Standards Committee Recommendation 13 March 2014

To receive and consider the recommendations of the Committee held on 13 March 2014 (to follow) in respect of the above matter.

13 Pay Policy Statement - Employment Committee Recommendation 10 March 2014 (Pages 153 - 162)

To receive and consider the recommendation (to follow) and cover report with Statement (attached) of the Committee meeting held on 10 March 2014 in respect of the Pay Policy Statement.

14 Response to Notice of Motion on Filming and Recording of Meetings - Scrutiny Management Panel Recommendation 7 February 2014 (Pages 163 - 168)

To receive and consider the attached recommendation of the Panel meeting held on 7 February 2014 in respect of the above matter, the background report for which is also attached.

15 Independent Remuneration Panel (Pages 169 - 176)

To receive the report and recommendations of the Independent Remuneration Panel together with the overview report of the City Solicitor.

On 13 March, the Governance, Audit and Standards Committee is, as required, scheduled to meet for the purpose of confirming that it is satisfied with the way the Independent Remuneration Panel undertook the review.

16 Notices of Motion

**(a) Proposed by Councillor Steve Wemyss
Seconded by Councillor Neill Young**

This City Council place on record its thanks to the staff and volunteers of Off The Record who, over the years, have helped so many young people from all walks of life come to terms with their troubles and anxieties. Those problems can take many forms, be it mental health issues, criminal tendencies, family problems, or being bullied - especially in school. OTR provides a self-referral drop in centre where a trained volunteer will help that young person address their problems.

This financial year, ending 31 March, Portsmouth City Council will have given OTR a grant of £7000 towards the running of the service in the City, as have the local Care Commissioning Group. That works out to just under £2.50 per young person from each organisation for the almost 3000 young people who visited the centre. It does not require a stretch of the imagination to understand that if this service were to close far greater costs would fall on both the Council and CCG following the social consequences of that closure.

It is therefore with dismay that the City Council notes that there is not presently plans to fund OTR in Portsmouth beyond the end of this month and that without a grant OTR will close their service in Portsmouth. It therefore asks the Cabinet Member for Resources to consider making a grant of £10000 for the forthcoming financial year (as even the £7000 given this year is insufficient to maintain the service), to be funded from the £200,000 Voluntary Sector Capacity and Transition Fund established by the Council in November 2013. This City Council also asks him to instruct officers to enter into a dialogue with OTR to provide help in identifying how the OTR service may be maintained in future years.

**(b) Proposed by Councillor John Ferrett
Seconded by Councillor Aiden Gray**

This Council notes the damage caused to the Pyramids Centre by the severe overnight storm on 4/5th February. It is understood that the storm and the resultant flooding of the plant room has destroyed all electrical and mechanical plant within the building.

Moreover, the Council notes the ongoing subsidy provided to the Pyramids by council taxpayers in the City, the liability of taxpayers for repairs and maintenance, and their liability to pay compensation to BH Live for lost revenue in certain circumstances. Therefore, the council requests that the Cabinet Member for Culture and Leisure prepare an urgent report for members, outlining both the full extent of the damage and the council's resultant financial liabilities.

**(c) Proposed by Councillor John Ferrett
Seconded by Councillor Aiden Gray**

Members will be aware that this is Councillor Jim Patey's final full council meeting. In view of Councillor Patey's 38 years of loyal service to the people of Portsmouth the council would like to place on record their thanks for his contribution to civic life in the City.

**(d) Proposed by Councillor Ken Ferrett
Seconded by Councillor John Ferrett**

This council notes:

National Apprenticeship Week, which this year took place on March 6-10, was set up by the previous government in 2008 as part of its commitment to apprenticeships. Between 1996/97 and 2009/10 the number of apprenticeship starts rose dramatically from 65,000 to just under 280,000.

Since last year the number of apprenticeships has fallen. There are 25,000 fewer apprentices starting than there were last year and we now have 5,000 fewer young people (under 19s) starting an apprenticeship than in 2009-10.

Nationally, youth unemployment is a persistent problem with a million young people aged 16-24 out of work.

This council believes:

In recent years the trusted and historic apprenticeship brand has been put in jeopardy as in-work training has been rebranded under the apprenticeship label. The number of those already in work or doing short courses showing up in the apprenticeship statistics have soared, artificially inflating the total.

The government's own surveys have found that up to 20 per cent of apprentices report receiving no training whatsoever.

Quality apprenticeships will be essential in providing the high-skilled and well-paid jobs that Portsmouth's economy will need for the years and decades ahead.

National and local government can introduce measures to boost the quantity and quality of apprenticeships on offer to young people.

Council Resolves:

To write to Business Secretary Vince Cable and Minister for Portsmouth Michael Fallon outlining the following recommendations to strengthen, and encourage the spread of, quality apprenticeships:

- * Introduce a new section of UCAS called APAS where apprenticeship opportunities would be advertised in both UK and EU.
- * Adopt the approach endorsed by the cross-party Business, Innovation and Skills Select Committee which requires all firms winning major Government contracts to provide apprenticeships as part of the deal. At least one new apprenticeship should be provided for every million pounds spent on these contracts.
- * Implement rigorous standards to ensure the quality of apprenticeships. All apprenticeships should last a minimum of two years and should be level three qualifications.

Additionally, this council should lead by example and ask the Employment Committee to explore ways of increasing its own use of apprenticeships and encouraging apprenticeships among contractors engaged on council contracts.

17 **Questions from Members under Standing Order No 17.** (Pages 177 - 178)

David Williams

Chief Executive

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Full Council and Cabinet meetings are digitally recorded, audio only.

Civic Offices
Guildhall Square
PORTSMOUTH
10 March 2014

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Agenda Item 2

11 February 2014

9

MINUTES OF A MEETING OF THE COUNCIL held at the Guildhall
Portsmouth on Tuesday, 11 February 2014 at 2.00 pm

Council Members Present

The Right Worshipful The Lord Mayor
Councillor Lynne Stagg (in the Chair)

Councillors

Councillor Margaret Adair	Councillor Lee Mason
Councillor Michael Andrewes	Councillor Robert New
Councillor Simon Boshier	Councillor Mike Park
Councillor Peter Eddis	Councillor Jim Patey
Councillor Ken Ellcome	Councillor Will Purvis
Councillor Jason Fazackarley	Councillor Darren Sanders
Councillor John Ferrett	Councillor Caroline Scott
Councillor Ken Ferrett	Councillor Eleanor Scott
Councillor Margaret Foster	Councillor Phil Smith
Councillor David Fuller	Councillor Les Stevens
Councillor Aiden Gray	Councillor Sandra Stockdale
Councillor Terry Hall	Councillor Luke Stubbs
Councillor Jacqui Hancock	Councillor Gerald Vernon-Jackson
Councillor David Horne	Councillor Steve Wemyss
Councillor Lee Hunt	Councillor Matthew Winnington
Councillor Frank Jonas	Councillor Rob Wood
Councillor Donna Jones	Councillor Steven Wylie
Councillor Leo Madden	Councillor Neill Young
Councillor Hugh Mason	

11. Members' Interests

Councillor Jim Patey declared an interest in agenda item 5 - the Patey Day Centre and said he would leave the chamber once the debate started for this item.

Councillor Luke Stubbs declared an interest in agenda item 13, question 5 - Southsea Pier in that he lives very near to it.

Councillor Steve Wemyss declared an interest in agenda item 7 relating to school crossing patrols as he is the local authority appointed governor at Court Lane School. Councillor Wemyss also declared an interest in agenda item 11 in that he is a fully paid up member of Unison.

Councillor Jacqui Hancock (through Councillor Gerald Vernon-Jackson) declared an interest in agenda item 12(b) and would withdraw for this item.

12. Minutes of the Council Meeting held on 21 January 2014

It was

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Proposed by Councillor Gerald Vernon-Jackson
Seconded by Councillor Donna Jones

That the minutes of the meeting held on 21 January 2014 be approved as a correct record and this was agreed.

RESOLVED that the minutes of the meeting held on 21 January 2014 be confirmed and signed as a correct record.

13. Communications and Apologies

Apologies for absence were received from Councillor Darron Phillips, Councillor Mike Hancock, Councillor April Windebank and Councillor Alistair Thompson.

The Lord Mayor advised that the Cabinet Member for Culture, Leisure & Sport had received thanks to the city from Ian Dickens for the Charles Dickens statue which was unveiled in Guildhall Square on 7 February. It was agreed that a formal letter would be sent to Ian Dickens, the Dickens Fellowship, Martin Jennings, fundraisers and Professor Tony Pointon and our team of officers for all their efforts.

14. Deputations from the Public under Standing Order No 24(b)(vi) for all items unrelated to the petitions before council

Two deputations were made on agenda item 11 - Council Tax Setting 2014/15 and Medium Term Budget Forecast 2014/15 to 2017/18. The first deputation was made by Mrs Muriel Deacon, BEM from the Portsmouth Pensioners' Association. The second deputation was made by Mr Jon Woods of Unison.

15. Petition - Patey Centre, Cosham

The lead petitioner, Mrs Ellie Savidge, presented the petition. Three deputations were made in favour of the petition. The first deputation was made by Cyril Saunders, Portsmouth Pensioners' Association. The second deputation was made by Mr Michael Levesque, on behalf of the Patey Day Centre. The third deputation was made by Carol Elliott, on behalf of the carers, who contacted Healthwatch.

In addition a written deputation from Penny Mordaunt MP in favour of the petition had been previously circulated.

It was

Proposed by Councillor Leo Madden
Seconded by Councillor Gerald Vernon-Jackson

That the administration's petition response as circulated in the chamber and detailed below be approved.

"The City Council wishes to thank the petitioners for coming to speak on this issue today.

The Patey Centre is housed within Edinburgh House, which will be demolished next year. The proceeds from the sale of the site will be put into the finance for the new nursing home being built by the city council in Drayton for local people suffering from dementia.

The current service is for 34 people a week and serves on average 10 -12 people per day. The full year cost to tax payers is £160,000 a year (plus the costs of the building such as electricity, water etc) to the provider company.

We understand that there is enough capacity at the Royal Albert Day Centre to provide a similar service for the people receiving a service at the Patey Centre.

The City Council would like to see the development of long term additional day centre services (to be named the Patey Centre if possible) in the north of the city for people with dementia. Therefore if substantial progress has been made in creating this service before the closure of the current Patey Day Centre, the Cabinet Member for Health and Social Care will explore the possibility of keeping the current Patey Day Centre open for longer, using PCC staff, if there is a gap before the new service is up and running. "

As an amendment it was

Proposed by Councillor Donna Jones
Seconded by Councillor Mike Park

That the following wording be adopted as the petition response:

"The City Council wishes to thank the petitioners for coming to speak on this issue today.

The Patey Centre is housed within Edinburgh House, which will be demolished next year. The proceeds from the sale of the site will be put into the finance for the new nursing home being built by the city council in Drayton for local people suffering from dementia.

The current service is for 34 people a week and serves on average 10 - 12 people per day. The full year cost to tax payers is £160,000 a year to the provider company.

We acknowledge that there is capacity at the Royal Albert Day Centre to provide a similar but not like for like service for the people receiving care at the Patey Centre.

The City Council instructs officers to seek an alternative location for the Patey Centre in the north of the city to coincide with the vacation of Edinburgh House and that the Patey Centre remains at Edinburgh House until such time as an alternative location is found.

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The Council also instructs officers to work with alternative service provider such as the third sector to try and establish a provider for the dementia care in the north of the city."

As an amendment it was

Proposed by Councillor John Ferrett
Seconded by Councillor Aiden Gray

That the following paragraph be added to the end of the administration's response:

"In order to secure the necessary funding to reprieve the Patey Centre for a further year, the council agrees, in addition to the cut in allowances for opposition leaders to be implemented in April 2014 that the remaining members' allowances are also reduced by 20%. This will release £120,000 for 2014/15 and the same amount for subsequent years. This saving on allowances is to be used to keep the Patey Centre open for a further year and then as an ongoing contribution to providing dementia care in the north of the city."

Following debate the mover of the motion agreed to accept the amendment standing in the name of Councillor Jones. He said that the service was not being stopped but savings needed to be made.

Upon being put to the vote, the amendment standing in the name of Councillor John Ferrett was LOST.

Upon the substantive response being put to the vote this was CARRIED.

RESOLVED that the substantive response from the Administration incorporating the Conservative amendment be agreed.

16. Petition - Public Conveniences in Lower Drayton Lane

The lead petitioner, Mr Patrick Whittle, presented the petition as it appears on the meeting agenda.

It was

Proposed by Councillor Gerald Vernon-Jackson
Seconded by Councillor Leo Madden

That the administration's petition response headed "Public Conveniences in Lower Drayton Lane" as circulated in the chamber be adopted.

As an amendment it was

Proposed by Councillor Simon Boshier
Seconded by Councillor Ken Ellcome

That the wording set out below be adopted as the petition response:

"This council notes the closure of the public conveniences in Lower Drayton Lane now leaving a local shopping centre without any public accessible facilities.

This council requests that the Cabinet Member for Environment & Community Safety reconsider the decision and requests that an impact assessment on the closure, including all viable alternative options explored both prior to and since the original closure decision be produced, including full costings with a view to maintaining the public conveniences in Drayton."

Following debate upon being put to the vote the amendment to the response standing in the name of Councillor Simon Bosher was LOST.

Upon being put to the vote the petition response standing in the name of Councillor Gerald Vernon-Jackson was CARRIED.

RESOLVED that the City Council wishes to thank the petitioners for coming to speak on this issue today.

The City Council recognises the desire from local residents to keep the toilets in Drayton Lane open.

The City Council has in the past and now repeats its offer to transfer these toilets to any local community group that wishes to keep them open.

The City Council has made a decision that 15% of all Community Infrastructure Levy funds should be spent in the ward, and the Cabinet Member for Planning, Regeneration and Economic Development has indicated that she would look positively on an application from local councillors in Drayton and Farlington to spend local CIL monies on maintaining this toilet if it became a Community Toilet.

17. Petition - School Crossing Patrollers - Lonsdale Road-Court Lane Junction, Cosham and Hilary Avenue/Court Lane Junction, Cosham

The lead petitioner, Mrs Eileen Peaston, presented the petition as it appears on the meeting agenda.

It was

Proposed by Councillor Jason Fazackarley
Seconded by Councillor Terry Hall

That the administration's petition response headed School Crossing Patrollers, Cosham as circulated in the chamber with two minor typographical amendments, be approved.

Upon being put to the vote the petition response as set out below was CARRIED.

RESOLVED that there are 3 designated School Crossing Patrol Officers (SCPO) for the Court Lane & Lonsdale Road sites.

In September as a result of resignations over the summer holidays the Council's School Crossing Patrol Officer Co-ordinator (SCPOC) moved the SCPO at Court Lane / Lonsdale Avenue to cover the vacancy at Solent Road, leaving one SCPO on that site. This was an operational decision based upon the SCPOC's professional assessment of the need to ensure the most effective child safety coverage.

She also moved one of the 2 SCPO's at Court Lane at this time, further to a direct request from that individual SCPO. The remaining SCPO resigned at Christmas leaving the site vacant.

Interviews for the School Crossing Patrollers at Court Lane / Hilary Avenue and Court Lane / Lonsdale Avenue were held on the 18th December as a result of which conditional offers of employment were made to 2 individuals - subject to satisfactory DBS and reference checks. These interviews were discussed at the T&T meeting on the 19th December where an information paper on SCPO recruitment was presented.

On 19 December the school was informed that these offers had been made with the intention of getting these two vacancies covered as soon as possible.

A call, from the lady who had arranged the petition, was also made on the 19th December, to the School Crossing Patrol Co-ordinator, she wished to make a complaint about the lack of SCPO's at Court Lane. She was informed of the conditional offers that had been made on the previous day, she stated that she would still be presenting her petition at the Council Meeting in January.

Recruitment completed the DBS forms and reference requests and sent them off before Christmas, although one of the 2 has only resided in the UK since 2013 and therefore the DBS check only covers that period. This means that in addition we require a Certificate of Good Conduct from the relevant Embassy to ensure that we have the relevant checks in place, additionally we are waiting for satisfactory references from both candidates, and HR Recruitment continues to chase these.

As I explained to members only two meetings ago the vacancy situation for SCPO's continues to be actively pursued by PCC. Unfortunately, like many other local authorities, we simply do not get sufficient suitable applicants as many people choose not to apply because of the nature of the role, i.e. working in all weathers, shift times, lack of hours and impact on benefits, locations available etc.

Ideally PCC would like to ensure coverage at all of its recognised sites but the problems with recruitment and retention of staff effectively prevents such. At present there are around 30 vacancies for SCPO's and

the budget for their recruitment and retention remains. The Traffic & Transportation Service remains committed to filling these vacancies as quickly as it can, as has been previously explained to the School and to the petitioner.

Council adjourned at 5.28 pm.

Council resumed at 5.43 pm.

18. Review of Political Proportionality on Committees and Panels

The report from the Chief Executive had been previously circulated to members.

It was

Proposed by Councillor Gerald Vernon-Jackson
Seconded by Councillor Hugh Mason

That council adopt the overall political balance and allocation of seats schedule previously circulated under cover of letter dated 5 February, subject to and reflecting the inclusion of the following changes.

That the Liberal democrat seat on the Licensing Committee held by Councillor E Scott be replaced by the Conservative member Councillor R New.

That the Conservative seat on the Traffic, Environment and Community Safety Scrutiny Panel held by Councillor R New be replaced by Councillor E Scott.

That the Labour seat on the Economic Development, Culture and Leisure Scrutiny Panel held by Councillor J Ferrett be replaced by Councillor M Hancock.

Upon being put to the vote this was CARRIED.

RESOLVED that the proposals set out above be adopted.

19. Appointments

A schedule showing details of the proposed appointments had been previously circulated.

It was

Proposed by Councillor Gerald Vernon-Jackson
Seconded by Councillor Hugh Mason

That the appointments as set out on the previously circulated sheet be agreed and this was CARRIED.

RESOLVED that the appointments set out on the schedule attached to the end of these minutes be agreed.

(Appendix 1)

20. Urgent Business - To receive and consider any urgent and important business from Members of the Cabinet in accordance with Standing Order No 26

There was no urgent business.

21. Cabinet Recommendations - To receive and consider the recommendations of the Special Cabinet meeting held on 11 February

Minute 26 Council Tax Setting 2014/15 and Medium Term Budget Forecast 2014/15 to 2017/18

This was opposed.

It was

Proposed by Councillor Gerald Vernon-Jackson
Seconded by Councillor Hugh Mason

that the Cabinet Recommendations at Minute 26 be approved and in doing so, the proposer referred to an amendment from the administration which he said he would be accepting.

As an amendment to the recommendations in Cabinet minute 26, it was

Proposed by Councillor Leo Madden
Seconded by Councillor Rob Wood

That the recommendations set out in Appendix 2 to these minutes (administration amendment) be approved.

Councillor Gerald Vernon-Jackson agreed to accept the administration amendment standing in the name of Councillor Leo Madden.

Councillor Donna Jones responded to the recommendations contained in Cabinet minute 26 including the amendment.

Councillor John Ferrett then spoke to Cabinet minute 26 as amended.

A recorded vote on the substantive proposal was requested by eight members standing. Upon being put to the vote, the substantive proposal as set out in Appendix 3 to these minutes was CARRIED. The following members were in favour of the substantive proposal:

Margaret Adair
Michael Andrewes
Simon Boshier
Peter Eddis

Donna Jones
Leo Madden
Hugh Mason
Lee Mason

Phil Smith
Les Stevens
Sandra Stockdale
Luke Stubbs

Ken Ellcome
Jason Fazackarley
Margaret Foster
David Fuller
Terry Hall
Lee Hunt
Frank Jonas

Robert New
Mike Park
Will Purvis
Darren Sanders
Caroline Scott
Eleanor Scott

Gerald Vernon-Jackson
Steve Wemyss
Matthew Winnington
Rob Wood
Steve Wylie
Neill Young

The following members abstained on the substantive proposal:

Councillors John Ferrett
Ken Ferrett
Aiden Gray
David Horne

RESOLVED that the substantive proposal as set out in Appendix 3 attached to these minutes be adopted.

22. Notices of Motion

Notice of Motion (a) - Campaign against Sexual and Domestic Violence

It was

Proposed by Councillor John Ferrett
Seconded by Councillor Donna Jones

That this motion be debated today.

Upon being put to the vote this was CARRIED.

As an amendment to the notice of motion it was

Proposed by Councillor Sandra Stockdale
Seconded by Councillor Darren Sanders

To replace the third word in the first line of the first paragraph "notes" with "welcomes and supports". To replace the fourth word in the first line of the fifth paragraph "notes" with "welcomes and supports". Councillor Ferrett agreed to accept the amendment. Upon the substantive notice of motion being put to the vote this was CARRIED.

RESOLVED that the notice of motion set out below be adopted by council.

This Council welcomes and supports the motion passed at the Liberal Democrats National Conference in 2013 on the issue of preventing and tackling sexual and domestic violence moved by Elizabeth Adams of Stratford Lib Dems. The key points of the motion were as follows:

1) better focus on prevention through the education and healthcare systems including compulsory relationship and consent education and integration of abuse awareness across subjects.

2) government campaign to business and employers highlighting how they can work to support employees and reduce economic cost of abuse to businesses.

3) Further progress in the justice system including holding PCCs accountable for improving police response to and prevention of domestic violence

The Council also welcomes and supports the role of Portsmouth Young Liberal Democrats in supporting the campaign against sexual and domestic violence. The Council further notes the campaign slogan 'spot abuse, stop abuse'.

This Council resolves to support any measures that will reduce the incidence of sexual and domestic abuse and believe that victims of abuse must be heard and not ignored when they raise a complaint with statutory authorities.

Notice of Motion (b) - Minister for Portsmouth

It was

Proposed by Councillor Donna Jones
Seconded by Councillor John Ferrett

That the notice of motion set out at agenda item 12(b) - Minister for Portsmouth be debated today and this was agreed.

It was

Proposed by Councillor Donna Jones
Seconded by Councillor John Ferrett

That the notice of motion set out at agenda item 12(b) be adopted.

As an amendment it was

Proposed by Councillor Gerald Vernon-Jackson
Seconded by Councillor Hugh Mason

That the wording after the first paragraph be deleted.

On being put to the vote, the amendment was CARRIED. Upon the substantive notice of motion being put to the vote this was unanimously CARRIED.

RESOLVED that the Council welcomes the New Minister for Portsmouth, Michael Fallon MP and pledges to support the Minister in any way it can.

Notice of Motion (c)

It was

Proposed by Councillor Donna Jones
Seconded by Councillor John Ferrett

That the notice of motion set out at agenda item 12(c) be debated today.

It was

Proposed by Councillor Gerald Vernon-Jackson
Seconded by Councillor Hugh Mason

That this notice of motion be not debated today but instead be referred to the Governance & Audit & Standards Committee without debate.

Upon being put to the vote this was unanimously CARRIED.

RESOLVED that Notice of Motion (c) as set out below, be referred to the Governance & Audit & Standards Committee.

The Councils arrangements for the determination and consideration of complaints approved by Council on the 17 July 2012, provide that when the Monitoring Officer produces a report into an alleged breach of a Code of Conduct, that a copy of that report is provided to the Councillor who is the Subject of the Complaint.

The Governance and Audit and Standards Committee are asked to consider a review to these arrangements to require that when a Consideration Sub-Committee accept an independent investigators report into a member complaint on behalf of the GA&S committee, that the report should be published, complying with the data protection act, and that a copy of the report should be provided to the Complainant also.

Notice of Motion (d) - Response from Healthwatch

It was

Proposed by Councillor Steve Wemyss
Seconded by Councillor Simon Boshier

That notice of motion (d) be debated today.

Upon being put to the vote this was agreed.

It was

Proposed by Councillor Steve Wemyss
Seconded by Councillor Simon Boshier

That notice of motion (d) as set out on the agenda be agreed.

As an amendment it was

Proposed by Councillor Peter Eddis
Seconded by Councillor Hugh Mason

To replace the second sentence of the motion to read as follows:-

Council therefore welcomes the fact that the Health Overview & Scrutiny Panel will be considering this matter at its informal meeting with the Portsmouth Hospitals' Trust on 12 March and requests HOSP to inform members of the council of arrangements and protocols which are being, or will be, put into place to address the concerns raised in the motion of 9 July 2013.

Upon being put to the vote the amendment was CARRIED. Upon the substantive motion being put to the vote this was unanimously CARRIED.

RESOLVED that

This council believes the response received from Healthwatch in respect of the notice of motion submitted by Cllr. Wemyss on 9 July last year is inadequate. Council therefore welcomes the fact that the Health Overview and Scrutiny Panel will be considering this matter at its informal meeting with the Portsmouth Hospitals' Trust on 12 of March and requests HOSP to inform Members of the Council of arrangements and protocols which are being, or will be, put into place to address the concerns raised in the motion of 9 July 2013.

23. Questions from Members under Standing Order No 17

There were six questions before council, but two were from Councillor Thompson and a written response would be circulated to all members in respect of those two questions as Councillor Thompson was not in the chamber.

Question No 1 was from Councillor David Horne to the Cabinet Member for Traffic & Transportation, Councillor Jason Fazackarley

"What will or is the financial impact on the Council's budget by having all the speed cameras switched off in the City."

This and supplementary questions were answered by the Cabinet Member for Traffic & Transportation, Councillor Jason Fazackarley.

Question No 2 was from Councillor Mike Park to the Leader of the Council, Councillor Gerald Vernon-Jackson

"In politics, what does the Leader think is most important, integrity or expediency?"

This and supplementary questions were answered by the Leader of the Council, Councillor Gerald Vernon-Jackson.

Question No 3 from Councillor Alistair Thompson would receive a written response.

Question No 4 was from Councillor Luke Stubbs to the Cabinet Member for Traffic & Transportation asking

"In 2011, a complaint was made by a member of the public that the gradient of some of the pavements around bus stops in Edinburgh Road exceeded the DfT guideline of 1:12. Some remedial work was carried out, but the gradients in the vicinity of one of the stops remains in dispute.

Council officers have previously written to the complainant explaining that the gradients around all of the stops would be reduced to less than the DfT maximum. However an independent measurement recently ordered by the council shows that the gradients by one of the stops are 1:11.

What steps will the Portfolio Holder take to rectify this and will he and the Chief Executive agree to meet the complainant to discuss it?"

This and supplementary questions were answered by the Cabinet Member for Traffic & Transportation, Councillor Jason Fazackarley.

Question No 5 was from Councillor Steve Wemyss to the Leader of the Council, Councillor Gerald Vernon-Jackson asking

"What steps if any are being taken to stop the damage the weather is causing to South Parade Pier? Does the council intend to issue of a repair notice?"

This and supplementary questions were answered by the Leader of the Council, Councillor Gerald Vernon-Jackson.

Question No 6 from Councillor Alistair Thompson to the Leader of the Council, Councillor Gerald Vernon-Jackson would receive a written answer.

The meeting concluded at 9.40 pm.

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Lord Mayor

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APPENDIX 1 TO THE MINUTES OF FULL COUNCIL 11 FEBRUARY 2014

AGENDA ITEM 9 – Appointments

Planning Committee

Councillor Lee Hunt to replace Councillor Eleanor Scott as a standing deputy

Scrutiny Management Panel

Councillor Phil Smith to replace Councillor Sandra Stockdale as full Panel member

Councillor Margaret Adair to replace Councillor Terry Hall as a standing deputy

Councillor Steven Wylie to replace Councillor Phil Smith as a Standing Deputy member

Governance & Audit & Standards Committee

Councillor Darron Phillips to replace Councillor Terry Hall as a full member

Councillor Darron Phillips appointed as the Chair for the remaining 2013/14 municipal year

Councillor Steven Wylie to replace Councillor Sandra Stockdale as a Standing Deputy member

Education, Children & Young People Scrutiny Panel

Councillor Margaret Adair to replace Councillor Sandra Stockdale as full Panel member

Councillor Steven Wylie to replace Councillor Terry Hall as full Panel member

Housing & Social Care Scrutiny Panel

Councillor Phil Smith to replace Councillor Sandra Stockdale as a full member

Councillor Phil Smith appointed as the Chair for the remaining 2013/14 municipal year

Councillor Matt Winnington to replace Councillor Phil Smith as a Standing Deputy member

Traffic, Environment and Community Safety Scrutiny Panel

Councillor David Fuller to replace Councillor Sandra Stockdale as a full member

Councillor David Fuller appointed as the Vice Chair for the remaining 2013/14 municipal year

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**AGENDA ITEM 11 - Portsmouth City Council - Council
Tax Setting 2014/15 & Medium Term Budget Forecast
2014/15 to 2017/18**

Amendment to Cabinet recommendations attached.

Proposed by (Name) LEO MADDEN

Signed _____

Seconded by (Name) ROB WOOD

Signed _____

Amendment proposed by the Administration to Freeze the Council Tax

Budget 2014/15

That the recommendations of the Cabinet of 11 February 2014 (Minute 26/14) on "Portsmouth City Council - Council Tax Setting 2014/15 & Medium Term Budget Forecast 2014/15 to 2017/18" be amended as follows:-

Recommendation 3.1 (a) be amended to

3.1 (a) the revised Revenue Estimates for the financial year 2013/14 and the Revenue Estimates for the financial year 2014/15 as set out in the General Fund Summary (Appendix A) as amended by paragraph (u) below:-

- (u) the following reductions be made to Cash Limits for 2014/15 and 2015/16 in respect of savings:-

	2014/15 £	2015/16 £
<u>Cross Portfolio Savings (Other Expenditure)</u>		
Management delayering across Services	(150,000)	(200,000)
Fully recharge relevant front line services, support services and other corporate services to the Housing Revenue Account	(100,000)	(100,000)
Contribution from Public Health to maintain existing activities that make significant contributions to a range of Public Health outcomes	(100,000)	(100,000)
<u>Health & Social Care Portfolio</u>		
Reduction in Budget Pressure of £336,000 approved in November 2013	(13,300)	(13,300)
<u>Resources Portfolio</u>		
Fully recharge staff involved in corporate projects to those relevant projects (Capital and Revenue)	(100,000)	(100,000)
Total	<u>(463,300)</u>	<u>(513,300)</u>

- (v) The budget savings proposals set out in (u) above are proposals only for the purposes of setting Portfolio Cash Limits and the overall City Council Budget.
- (w) That following appropriate consultation, any savings proposal set out above may be altered, amended or substituted with alternative proposals amounting to the same value and that the relevant Portfolio Holder or Cabinet be given delegated authority to make such changes accordingly.
- (x) General Fund Summary - (Appendix A) be amended as follows:-

	2014/15 £	2015/16 £
1. Reduction in Cash Limits for 2014/15 and 2015/16 for savings as recommended in 3.1(u) above	(463,300)	(513,300)
2. Reduction in precept on Collection Fund arising from freezing the Council Tax	1,178,000	1,201,200
3. Increase in Other General Grants (Council Tax Freeze Grant)	(714,700)	(714,700)
4. Contribution to General Reserves	0	26,800
Total	0	0

Recommendation 3.1 (b) be amended to

3.1 (b) the Portfolio Cash Limits for the Revised Budget for 2013/14 and Budget for 2014/15 as set out in Sections 7 and 9, respectively as amended by paragraph (u) above.

Recommendation 3.1 (m) be amended to

3.1 (m) the Revenue Forecast and associated provisional Portfolio Cash Limits for 2015/16 onwards as set out in Section 10 and Appendices B and C respectively as amended by paragraphs (u) and (x) above be noted.

Recommendation 3.4 be amended to

3.4 That the following amounts be now calculated by the Council for the financial year 2014/15 in accordance with Section 31 and Sections 34 to 36 of the Local Government Finance Act 1992:

(a)	£533,412,788	Being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act.
(b)	£473,041,387	Being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act.
(c)	£60,371,401	Being the amount by which the aggregate at 3.4(a) above exceeds the aggregate at 3.4(b) above, calculated by the Council in accordance with Section 31A(4) of the Act as its Council Tax requirement for the year. (Item R in the formula in Section 31B(1) of the Act.
(d)	£1,171.53	Being the amount at 3.4(c) above (Item R), all divided by item 3.3 (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 3.4(d) above by the number which, in the proportion set out in Section 5(1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in Valuation Band D, calculated by the Council, in accordance with Section 36(1) of the Act, as the amounts to be taken into account for the year in respect of categories of dwellings in different valuation bands.

Recommendation 3.7 be amended to

3.7 That having calculated the aggregate in each case of the amounts at 3.4(e) above, and 3.5 and 3.6, 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 2014/15 for each of the categories of dwellings shown below:

Valuation Bands (Total Council Tax)

A £	B £	C £	D £	E £	F £	G £	H £
925.80	1,080.10	1,234.40	1,388.70	1,697.30	2,005.90	2,314.50	2,777.40

HEAD OF FINANCIAL SERVICES AND SECTION 151 OFFICER'S COMMENTS

Under Recommendation 3.1(s), the Head of Financial Services and Section 151 Officer advises as follows:-

The proposals contained within this amendment do not alter the statements made by the Head of Finance and Section 151 Officer in Section 17 of this report.

CITY SOLICITOR'S COMMENTS

The City Solicitor is satisfied that it is within the City Council's powers to approve the recommendations as set out, and supports the advice of the Section 151 Officer given above.

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APPENDIX A

Calculation of the Council Tax 2014/15

<u>Portsmouth City Council</u>	2014/15 £	2013/14 £
Gross Expenditure	533,412,788	563,961,320
LESS: Gross Income	(356,851,272)	(378,050,896)
Net Expenditure 2014/15	176,561,516	185,910,424
LESS: Government Grants	(116,190,115)	(126,747,339)
Council Tax Requirement - Portsmouth City Council Purposes	60,371,401	59,163,085
Council Tax Base	51,532.1	50,500.7
Council Tax - Portsmouth City Council Purposes at Band D <u>60,371,401</u>		
51,532.1 =	£1,171.53	£1,171.53

<u>Hampshire Police & Crime Commissioner Precept</u>	8,028,186	7,638,231
Council Tax - Hampshire Police & Crime Commissioner Purposes at Band D	£155.79	£151.25

<u>Hampshire Fire and Rescue Authority Precept</u>	3,163,040	3,099,733
Council Tax - Hampshire Fire and Rescue Authority Purposes at Band D	£61.38	£61.38

The Council Tax to be levied for all bands in 2014/15 will be as follows :

	Portsmouth City Council £	Hampshire Police & Crime Commissioner £	Hampshire Fire & Rescue Authority £	TOTAL 2014/15 £	TOTAL 2013/14 £
Estimated Valuation as 1 April 1991					
Up to £40,000 A	781.02	103.86	40.92	925.80	922.77
£40,001 - £52,000 B	911.19	121.17	47.74	1,080.10	1,076.57
£52,001 - £68,000 C	1,041.36	138.48	54.56	1,234.40	1,230.36
£68,001 - £88,000 D	1,171.53	155.79	61.38	1,388.70	1,384.16
£88,001 - £120,000 E	1,431.87	190.41	75.02	1,697.30	1,691.75
£120,001 - £160,000 F	1,692.21	225.03	88.66	2,005.90	1,999.34
£160,001 - £320,000 G	1,952.55	259.65	102.30	2,314.50	2,306.93
£320,001 and over H	2,343.06	311.58	122.76	2,777.40	2,768.32

GENERAL FUND SUMMARY
BUDGET 2013/14 TO 2017/18 (Administration Amendment)

APPENDIX A

Original Estimate 2013/14 £	NET REQUIREMENTS OF PORTFOLIOS	Revised Estimate 2013/14 £	Estimate 2014/15 £	Estimate 2015/16 £	Estimate 2016/17 £	Estimate 2017/18 £
51,023,354	Children & Education	51,272,750	49,633,923	51,709,950	52,689,950	53,526,250
12,496,428	Culture Leisure & Sport	12,900,433	12,094,943	11,988,743	12,250,743	12,543,243
19,177,976	Environment & Community Safety	18,742,880	18,240,580	18,729,080	19,052,580	19,573,780
55,444,884	Health & Social Care	53,214,622	49,882,022	51,140,222	53,462,922	55,003,522
6,366,688	Housing	7,845,928	7,348,228	7,364,728	7,427,428	7,477,128
294,916	Leader	252,853	230,153	254,853	243,253	251,153
5,489,104	Planning Regeneration Economic Development	6,184,956	7,790,856	6,189,356	5,816,456	5,876,956
27,139,075	Resources	27,809,457	26,686,457	26,485,257	27,433,857	28,717,257
16,085,027	Traffic & Transportation	16,555,799	17,533,299	18,280,799	17,219,779	17,047,059
294,900	Governance & Audit Committee	258,300	344,200	319,800	334,200	240,500
(99,695)	Licensing Committee	(100,995)	(127,395)	(139,795)	(137,595)	(135,395)
193,712,657	Portfolio Expenditure	194,936,983	189,657,266	192,322,993	195,793,573	200,121,453
	<i>Other Expenditure</i>					
90,300	Precepts	90,300	93,400	96,600	99,900	103,300
(150,000)	Portchester Crematorium - Share of Dividend	(150,000)	(150,000)	(152,500)	(155,000)	(157,500)
5,336,000	Pension Costs	5,459,000	5,885,000	6,261,000	6,672,000	6,672,000
6,955,250	Contingency Provision	3,455,650	5,499,200	3,564,000	3,564,000	3,564,000
945,200	Revenue Contributions to Capital Reserve	6,687,200	0	1,565,500	65,500	65,500
(180,100)	Transfer to / (from) Other Reserves	8,551,305	233,600	201,800	201,800	201,800
(23,332,732)	Asset Management Revenue Account	(28,205,268)	(27,854,741)	(27,067,368)	(26,023,948)	(26,106,428)
2,677,500	Other Expenditure	1,956,000	1,000,000	2,175,000	3,175,000	4,175,000
(7,658,582)	Other Expenditure	(2,155,813)	(15,293,541)	(13,355,968)	(12,400,748)	(11,482,328)
186,054,075	TOTAL NET EXPENDITURE	192,781,170	174,363,725	178,967,025	183,392,825	188,639,125
	FINANCED BY:					
313,044	Contribution (to) from Balances and Reserves	5,584,544	(3,382,728)	15,096,943	26,642,638	37,058,456
63,714,654	Revenue Support Grant	63,713,947	52,050,710	37,295,026	27,650,289	19,437,708
42,572,403	Business Rates Retention	43,071,919	41,752,137	44,406,156	46,469,663	48,178,324
20,480,282	Other General Grants	21,417,068	22,387,268	20,619,475	19,879,597	19,989,596
58,993,692	Collection Fund	58,993,692	61,556,338	61,549,425	62,750,638	63,975,041
186,074,075		192,781,170	174,363,725	178,967,025	183,392,825	188,639,125
	BALANCES & RESERVES					
18,337,108	Balance brought forward at 1 April	23,613,978	18,029,434	21,412,162	6,315,219	(20,327,419)
(313,044)	Deduct (Deficit) / Add Surplus for Year	(5,584,544)	3,382,728	(15,096,943)	(26,642,638)	(37,058,456)
18,024,064	Balance carried forward at 31 March	18,029,434	21,412,162	6,315,219	(20,327,419)	(57,385,875)
6,000,000	Minimum Level of Balances	6,000,000	6,000,000	7,900,000	12,000,000	12,000,000
313,044	Underlying Budget Deficit / (Surplus)	5,584,544	(3,382,728)	15,096,943	26,642,638	37,058,456

Appendix 3 - Council Minute 21 - Substantive Proposal

3. Recommendations

3.1 That the following be approved:

- (a) The revised Revenue Estimates for the financial year 2013/14 and the Revenue Estimates for the financial year 2014/15 as set out in the General Fund Summary (Appendix A) as amended by paragraph (u) below.
- (b) The Portfolio Cash Limits for the Revised Budget for 2013/14 and Budget for 2014/15 as set out in Sections 7 and 9, respectively as amended by paragraph (u) below.
- (c) That any overspending arising at year end 2013/14 on the Traffic & Transportation Portfolio be met from the Off Street Parking Reserve
- (d) That a sum of £3.3m be set aside in an Earmarked Reserve to provide the necessary funds to make an early payment to Government in 2014/15 amounting to £4.6m in respect of anticipated Business Rates appeals (which would otherwise have been paid, in full, over the period 2015/16 to 2017/18). It is expected, if legislative provisions allow, that this would trigger an estimated "safety net payment" from Government of £1.3m that would not otherwise be received without this early payment. (See paragraph 6.13 and recommendation (i))
- (e) That a sum of £3.0m be transferred to the MTRS Reserve arising from the overall net improvement in the City Council's financial position for the year¹ in order to support the achievement of future savings and therefore alleviate budget deficits in future years
- (f) Any further underspendings for 2013/14 arising at the year-end outside of those made by Portfolios be transferred to the MTRS Reserve
- (g) That £500,000 from the TriSail Maintenance Reserve be transferred into a new Reserve entitled the Park and Ride Reserve to fund the anticipated early years costs associated with the new Tipner Park and Ride scheme commencing in April 2014
- (h) Once the Park and Ride scheme becomes self-financing, any remaining balance contained within the Park and Ride Reserve be transferred into the MTRS Reserve to support the achievement of savings to alleviate budget deficits in future years
- (i) That the Head of Finance & S151 Officer be given delegated authority to make full provision for the anticipated Business Rates appeals in a single year (2013/14) amounting to an additional £4.6m rather than spreading the cost of such appeals over the 3 year period 2015/16 to 2017/18. If this is allowed by regulation, it will lever in "safety net" funding from Government estimated at £1.3m

¹ This does not include Portfolio underspendings which will, by right, transfer into Earmarked Reserves for use by the relevant Portfolio

- (j) Accordingly, that the Head of Finance & S151 Officer be given delegated authority to complete and authorise the statutory Government Returns for Business Rates² in accordance with the information contained within this report and on the basis of providing for Business Rates appeals in a single year
- (k) 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
- (l) Managers be authorised to incur routine expenditure against the Cash Limits for 2014/15 as set out in Section 9 as amended by paragraph (u) below
- (m) The Revenue Forecast and associated provisional Portfolio Cash Limits for 2015/16 onwards as set out in Section 10 and Appendices B and C respectively as amended by paragraphs (u) and (x) below be noted.
- (n) That the savings requirement for 2015/16 be set at a minimum of £12.5m
- (o) The estimated Savings Requirement of £37m for the three year period 2015/16 to 2017/18 be noted and for financial and service planning purposes be phased as follows:

Financial Year	In Year Target £m	Cumulative Saving £m
2015/16	12.5	12.5
2016/17	12.5	25.0
2017/18	12.0	37.0

- (p) 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 considered and incorporated into Service Business Plans
- (q) Members note that 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 £3.0m³ and will only be replenished from an approval to the transfer of any underspends at year end
- (r) The minimum level of Revenue Balances as at 31 March 2015 be retained at £6.0m (£6.0m in 2013/14) to reflect the perceived budget and financial risks to the Council

² Those returns being the NNDR1 and the NNDR3

³ Including the recommended transfer of £3.0m proposed in this report

- (s) Members have 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
- (t) The Non Domestic Rates poundage for 2014/15 of 48.2p, and 47.1p for small businesses, be noted
- (u) the following reductions be made to Cash Limits for 2014/15 and 2015/16 in respect of savings:-

	2014/15	2015/16
	£	£
<u>Cross Portfolio Savings (Other Expenditure)</u>		
Management delayering across Services	(150,000)	(200,000)
Fully recharge relevant front line services, support services and other corporate services to the Housing Revenue Account	(100,000)	(100,000)
Contribution from Public Health to maintain existing activities that make significant contributions to a range of Public Health outcomes	(100,000)	(100,000)
<u>Health & Social Care Portfolio</u>		
Reduction in Budget Pressure of £336,000 approved in November 2013	(13,300)	(13,300)
<u>Resources Portfolio</u>		
Fully recharge staff involved in corporate projects to those relevant projects (Capital and Revenue)	(100,000)	(100,000)
Total	<u>(463,300)</u>	<u>(513,300)</u>

- (v) The budget savings proposals set out in (u) above are proposals only for the purposes of setting Portfolio Cash Limits and the overall City Council Budget
- (w) That following appropriate consultation, any savings proposal set out above may be altered, amended or substituted with alternative proposals amounting to the same value and that the relevant Portfolio Holder or Cabinet be given delegated authority to make such changes accordingly

(x) General Fund Summary - (Appendix A) be amended as follows:-

	2014/15	2015/16
	£	£
1. Reduction in Cash Limits for 2014/15 and 2015/16 for savings as recommended in 3.1(u) above	(463,300)	(513,300)
2. Reduction in precept on Collection Fund arising from freezing the Council Tax	1,178,000	1,201,200
3. Increase in Other General Grants (Council Tax Freeze Grant)	(714,700)	(714,700)
4. Contribution to General Reserves	0	26,800
Total	0	0

3.2 The Council note the advice from the Head of Finance & S151 Officer set out in the approved Budget report to the Council in November 2013 which stated that:

the minimum savings requirement for 2014/15 is £10m and anything below that would not be prudent. Also that the Council's financial forecasts and therefore its £10m savings requirement for 2014/15 is predicated on a Council Tax increase of 1.95%. Should the Council take any other option that yields a lesser sum, then the shortfall must be added to the £10m savings requirement.

3.3 That it be noted that at its meeting on 6 January 2014 the Cabinet calculated the amount of **51,532.1** as its Council Tax Base for the financial year 2014/15 [item T in the formula in Section 31 B(1) of the Local Government Finance Act 1992, as amended (the "Act")].

- 3.4 That the following amounts be now calculated by the Council for the financial year 2014/15 in accordance with Section 31 and Sections 34 to 36 of the Local Government Finance Act 1992:

(a)	£533,412,788	Being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act.
(b)	£473,041,387	Being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act.
(c)	£60,371,401	Being the amount by which the aggregate at 3.4(a) above exceeds the aggregate at 3.4(b) above, calculated by the Council in accordance with Section 31A(4) of the Act as its Council Tax requirement for the year. (Item R in the formula in Section 31B(1) of the Act.
(d)	£1,171.53	Being the amount at 3.4(c) above (Item R), all divided by item 3.3 (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 3.4(d) above by the number which, in the proportion set out in Section 5(1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in Valuation Band D, calculated by the Council, in accordance with Section 36(1) of the Act, as the amounts to be taken into account for the year in respect of categories of dwellings in different valuation bands.

- 3.5 That it be noted that for the financial year 2014/15 the Hampshire Police & Crime Commissioner is consulting upon the following amounts (but subject to the determination of the Council Tax referendum thresholds) for the precept to be issued to the Council in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of the dwellings shown below:

Valuation Bands (Hampshire Police & Crime Commissioner)

A	B	C	D	E	F	G	H
£	£	£	£	£	£	£	£
103.86	121.17	138.48	155.79	190.41	225.03	259.65	311.58

- 3.6 That it be noted that for the financial year 2014/15 Hampshire Fire and Rescue Authority are recommending the following amounts in the precept issued to the Council in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of the dwellings shown below:

Valuation Bands (Hampshire Fire & Rescue Authority)

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

- 3.7 That having calculated the aggregate in each case of the amounts at 3.4(e) above, and 3.5 and 3.6, 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 2014/15 for each of the categories of dwellings shown below:

Valuation Bands (Total Council Tax)

A £	B £	C £	D £	E £	F £	G £	H £
925.80	1,080.10	1,234.40	1,388.70	1,697.30	2,005.90	2,314.50	2,777.40

- 3.8 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.

Agenda Item 5



Portsmouth
CITY COUNCIL

QUESTIONS FROM THE PUBLIC UNDER STANDING ORDER 25

CITY COUNCIL MEETING – 18 MARCH 2014

QUESTION NO 1

FROM: MR ALAN BURGESS

**TO REPLY: LEADER OF THE COUNCIL
COUNCILLOR GERALD VERNON-JACKSON**

In the light of BAE systems departure, will the Council look at dockyard developments presented by B9 shipping and B9 energy, B9 shipping have flow tested a prototype ship with sails, this involves Rolls Royce technology, has the research backing of Manchester and Southampton Universities and was designed by Humphrey's Yachts of Lymington, in addition B9 energy are looking at plans to recycle ships and oil rigs using green energy?

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Agenda Item 8

CABINET

(from 3 March 2014)

CAB

**Local Transport Plan 3 - Implementation Plan 2014/15
(Cabinet minute 32 refers)**

RECOMMENDED to Council

- (1) that approval be given to the attached Implementation Plan;**
- (2) That authority be delegated 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 amendments to the Implementation Plan that may be required to take account of future funding changes and policy announcements.**

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Agenda item:

Decision maker: Cabinet - 3 March 2014
Council - 18 March 2014

Subject: Local Transport Plan 3 Implementation Plan 2014/15

Report by: Head of Transport and Environment

Wards affected: All

Key decision (over £250k): No

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 2014/15 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 (LTP 3) 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 LTP 3, 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 LTP 3 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 2014/15, demonstrating how PCC will deliver against the outcomes of the LTP 3 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 (LTP 3, 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 March 2014 will form the basis of the Portsmouth LTP 3 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 2014, 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 LTP 3 Implementation Plan by April 2014 is a statutory requirement.

5. Equality impact assessment (EIA)

A preliminary EIA has been undertaken.

6. Head of legal services' comments

Each local transport authority must: (1) develop policies for the promotion and encouragement of safe, integrated, efficient and economic transport to, from and within its area; and (2) carry out its functions so as to implement those policies. 'Transport' mentioned above means: (a) the transport required to meet the needs of persons living or working in the authority's area, or visiting or travelling through that area; and (b) the transport required for the transportation of freight, and includes facilities and services for pedestrians.

In carrying out these functions in accordance the Council must take into account any governmental policies, and to have regard to any guidance issued by the Secretary of State, with respect to mitigation of, or adaptation to, climate change or otherwise with respect to the protection or improvement of the environment.

7. Head of Finance's comments

The Capital Programme 2013/14 to 2018/19 set out the corporate resources to be allocated to the Local Transport Plan for 2014/15 (LTP3). For the forthcoming financial year a sum of £450,000 has been allocated. This compares with £778,000 awarded in the previous financial year and highlights the increased pressure on the capital resources of PCC especially given the requirement for the Council to deliver the Tipner Motorway Junction and subsequently enabled Park and Ride scheme.

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 2014/15 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:

Key to costings;

<£50k	£
<£100k	££
<£200k	£££

LTP Scheme	Cost £000's (LTP)	New, previously deferred, ongoing	Outline Description	Wards Affected	Implications of not undertaking scheme	LTP 3 Outcomes						
						Reduced dependence on the private car	Improved awareness of different travel options	Improved journey time reliability for all modes	Improved road safety	Improved accessibility	Improved air quality	Higher quality of life
Raised Kerbs	£££	Ongoing & Statutory function	Continuation of the current programme to raise the kerbs at all bus stops throughout the city in order to improve passengers' access onto and off buses to ensure virtually level access with a minimum gap between bus and footway, especially the disabled and people with buggies and young children. Portsmouth have been installing raised kerbs since 2007 and are in the top (3) local authorities in England that have completed the majority of raised kerbs and are on target for completion by 2015. It is a statutory requirement under The Disability Discrimination Act 1995 for all bus stop locations to have raised kerbs installed by 2015.	All	Failure to meet the statutory requirement to have all bus stops with raised kerbs by 2015, and inability to continue to provide inclusive mobility to the most vulnerable members of the community.	Y	Y			Y		Y
Arundel Street - Fratton Road signal junction	£££	New	Upgrade of old traffic signals to reduce congestion and delay and improve current pedestrian crossing provision. Kerb lines also to be amended to assist with current bus delays. As a road safety scheme, this project aims to meet the requirements of the Local Transport Plan by seeking to reduce casualties, which help PCC towards achieving the National targets. The scheme also seeks to improve the habitability of the area for residents. This scheme contributes to the following Corporate Priorities: Protect and support our most vulnerable residents.	Charles Dickens	Would be unable to further promote active travel as increased waiting times acts as a barrier to walking and cycling in the city.	Y	Y	Y	Y	Y	Y	Y
Speed Reduction Measures	£££	New	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.	City-wide	Would be unable to react to public pressure and rising casualty/collision trends across the city in a timely manner.	Y	Y	Y	Y	Y	Y	Y
London Road Northern Parade	££	New	To construct physical traffic islands and implement possible traffic signal control within the junction to ensure compliance of the junction. To also ban the current U-turning traffic travelling south along London Road and performing the movement at the junction of Northern Road. This will reduce the number of collisions currently experienced within the area. As a road safety scheme, this project aims to meet the requirements of the Local Transport Plan by seeking to reduce casualties, which help PCC towards achieving the National targets. The scheme also seeks to improve the habitability of the area for residents. This scheme contributes to the following Corporate Priorities: Protect and support our most vulnerable residents.	Hilsea	High risk of vehicle collisions.		Y	Y	Y	Y	Y	Y
Traveline	£	Ongoing & Statutory function	To provide annual funding (jointly with all Local Transport authorities) to maintain and enhance comprehensive public transport information facilities through traveline south-west available nationally by telephone, internet and text messaging.	All	It is a legal requirement to contribute towards the overall costs of the operation of Traveline.	Y	Y			Y	Y	Y
Rights of Way signing	£	Ongoing & Statutory function	We have a statutory requirement to sign the Rights Of Way in the city and to investigate and resolve all Public Rights Of Way (PROW) claims put forward	All	We will fail in our statutory duty	Y	Y	Y	Y	Y	Y	Y
Access for People with Disabilities	£	Ongoing	To provide low cost measures throughout the city 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.	All	It is a requirement under the Disability Discrimination Act 1995, to maintain and enhance highway facilities to enable disabled people to cross the road more easily.					Y		Y
Western Road Speed Reduction	£	New	To reduce the existing 70mph speed limit on Western Road to 50mph from its junction with London Road/Hilsea Roundabout to the existing 40mph speed limit imposed at the Western Road/Southampton Road junction. As a road safety scheme, this project aims to meet the requirements of the Local Transport Plan by seeking to reduce casualties, which help PCC towards achieving the National targets. The scheme also seeks to improve the habitability of the area for residents. This scheme contributes to the following Corporate Priorities: Protect and support our most vulnerable residents.	Cosham	Speed related road casualties will continue and police will be unable to efficiently enforce.			Y	Y	Y	Y	Y
Portsbridge Roundabout Spiral Markings	£	New	To introduce spiral road markings within Portsbridge Roundabout to assist with traffic movements onto and off of the gyratory. Spiral markings removes the need for drivers to change lanes as the vehicle enters the roundabout within the identified lane that leads them to the correct exit. This will reduce the number of collisions due to side swipe incidents and rear end shunts. As a road safety scheme, this project aims to meet the requirements of the Local Transport Plan by seeking to reduce casualties, which help PCC towards achieving the National targets. The scheme also seeks to improve the habitability of the area for residents. This scheme contributes to the following Corporate Priorities: Protect and support our most vulnerable residents.	Cosham/Hilsea	Will not be able to reduce the number of collisions due to side swipe incidents and rear end shunts.			Y	Y	Y	Y	Y
Western Road Cycle Improvements	£	New	Cycle Improvements - Portsmouth is a flat and compact city and these areas are within 2-3 miles of each other. Therefore, it is ideally suited to encouraging walking and cycling for short journeys. The improvement and promotion of cycling and walking connections will improve accessibility, reduce the pressure on the road network and reduce carbon outputs by enabling and facilitating the use of more sustainable modes of transport to both access the centre and move between all areas of the City. Extend the existing 20mph zone from west of its junction with Upper Arundel Street to west of its junction with Holbrook Road Roundabout. To re-construct the existing pedestrian crossing, located east of Cottage View, as a raised crossing to reduce traffic speeds and enforce the 20mph limit. To also construct a raised table west of Landport Street as a traffic calming method within Arundel Street. To implement a cycle lane within the existing carriageway along Arundel Street, thus reducing the existing width of the carriageway and encouraging vehicles to reduce traffic speeds. As a road safety scheme, this project aims to meet the requirements of the Local Transport Plan by seeking to reduce casualties, which help PCC towards achieving the National targets. The scheme also seeks to improve the habitability of the area for residents. This scheme contributes to the following Corporate Priorities: Protect and support our most vulnerable residents.	Cosham	Cyclists will still face barriers to a continuous safe route in the area.			Y	Y	Y	Y	Y
Arundel Street	£	New	Extend the existing 20mph zone from west of its junction with Upper Arundel Street to west of its junction with Holbrook Road Roundabout. To re-construct the existing pedestrian crossing, located east of Cottage View, as a raised crossing to reduce traffic speeds and enforce the 20mph limit. To also construct a raised table west of Landport Street as a traffic calming method within Arundel Street. To implement a cycle lane within the existing carriageway along Arundel Street, thus reducing the existing width of the carriageway and encouraging vehicles to reduce traffic speeds. As a road safety scheme, this project aims to meet the requirements of the Local Transport Plan by seeking to reduce casualties, which help PCC towards achieving the National targets. The scheme also seeks to improve the habitability of the area for residents. This scheme contributes to the following Corporate Priorities: Protect and support our most vulnerable residents.	Charles Dickens	Would be unable to reduce speed to increase safety of vulnerable road users particularly children accessing schools on Arundel Court. Would be unable to reduce speed to increase safety of vulnerable road users particularly children accessing schools. Traffic would not have the visual effect of road narrowing and not adhere to the reduced speed limit proposed on Arundel Street. Cyclists (particularly school age children) would not have a designated safe route in which to cycle which is required to reduce speed and encourage active travel in a safe manner. .	Y	Y	Y	Y	Y	Y	Y
Arundel Street, Fratton Road, Stamford Street and Clifton Street Cycle Improvements	£	New	Increased awareness of cyclists on road at key junctions due to disproportionate high number of cyclist accidents at junctions in this area. As a road safety scheme, this project aims to meet the requirements of the Local Transport Plan by seeking to reduce casualties, which help PCC towards achieving the National targets. The scheme also seeks to improve the habitability of the area for residents. This scheme contributes to the following Corporate Priorities: Protect and support our most vulnerable residents.	Charles Dickens	Road cyclist casualties would continue to rise.	Y	Y	Y	Y	Y	Y	Y

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Agenda Item 9

CABINET

(from 3 March 2014)

CAB **Treasury Management Policy for 2014/15 (Cabinet minute 33 refers)**

RECOMMENDED to Council that the recommendations as contained within the report be supported.

4.1a the Head of Financial Services and Section 151 Officer and officers nominated by him is given authority to lend surplus funds as necessary in accordance with the Treasury Management Policy;

4.1b 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

4.1c the upper limits for fixed interest exposures are set as follows:

2013/14 £362m

2014/15 £332m

2015/16 £343m

2016/17 £391m

4.1d the upper limits for variable interest exposure are set as follows:

2013/14 (£189m) – Investments up to £189m

2014/15 (£196m) – Investments up to £196m

2015/16 (£202m) – Investments up to £202m

2016/17 (£223m) – Investments up to £223m

4.1e the following limits be placed on principal sums invested for periods longer than 364 days:

31/3/2014 £179m

31/3/2015 £170m

31/3/2016 £158m

31/3/2017 £124m

4.1f 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	20%	0%
12 months & within 24 months	20%	0%
24 months & within 5 years	30%	0%
5 years & within 10 years	30%	0%
10 years & within 20 years	40%	0%
20 years & within 30 years	40%	0%
30 years & within 40 years	60%	0%
40 years & within 50 years	70%	0%

- 4.1g** 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;
- 4.1h** 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;
- 4.1i** 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;
- 4.1j** the regulatory method of calculating Minimum Revenue Provision (MRP) be applied to pre 1 April 2008 debt and new government supported debt other than finance leases and service concessions (including Private Finance Initiative schemes);
- 4.1k** the asset life (equal instalment) method of calculating MRP is applied to post 1 April 2008 self financed borrowing other than finance leases, service concessions (including Private Finance Initiative schemes) and borrowing to fund long term debtors (including finance leases);
- 4.1l** 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;
- 4.1m** 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;

- 4.1n 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;
- 4.1o the Housing Revenue Account (HRA) provide for the repayment of the Self Financing Payment over 30 years;
- 4.1p 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;
- 4.1q investments should only be placed with institutions based in either the United Kingdom or states with a AA+ credit rating;
- 4.1r the bodies meeting the criteria of categories 1 to 9 in paragraph 16.11 be approved as repositories of specified investments of the City Council's surplus funds;
- 4.1s credit ratings be reviewed monthly and that any institution whose credit rating falls below the minimum level stated in paragraph 16.11 of the Treasury Management Policy be removed from the list of specified investments;
- 4.1t institutions that are placed on negative watch or negative outlook by the credit rating agencies be reassigned to a lower category;
- 4.1u non-specified investments 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	170m
Investments denominated in foreign currencies to hedge against contracts priced or indexed against foreign currencies	5m
Community investment companies without a credit rating	£5m
Total	263m

- 4.1v the total amount that can be directly invested with any organisation at any time should be limited as follows (see paragraph 16.11):

	Maximum Investment in Single Organisation
Category 1	Unlimited for up to 5 years
Category 2	£26m for up to 5 years
Category 3	£26m for up to 5 years or 10 years if secured
Category 4	£26m for up to 5 years
Category 5	£20m for up to 5 years or 10 years if secured
Category 6	£19m for up to 5 years for banks & building societies. £19m for up to 4 years for corporate bonds
Category 7	£13m for up to 5 years for banks & building societies. £13m for up to 4 years for corporate bonds
Category 8	£10m for up to 5 years for banks & building societies. £10m for up to 4 years for corporate bonds
Category 9	£6m for up to 4 years
Category 10	£10m for up to 364 days
Category 11	£6m for up to 364 days
Category 12	£5m for an unlimited period
MMD (Shipping Services) Ltd including sums lodged to guarantee the company's banking limits	£2m for up to 364 days

4.1w 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

4.1x that the following investment limits be applied to sectors:

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

4.1y that the following investment limits be applied to regions outside the United Kingdom:

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

4.2 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;**
- (iii) the Annual Strategy Report to the Cabinet in March 2015;**
- (iv) quarterly Treasury Management monitoring reports to the Governance and Audit and Standards Committee.**

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Agenda item:

Decision maker: Cabinet
City Council

Subject: Treasury Management Policy for 2014/15

Date of decision: 3 March 2014 (Cabinet)
13 March 2014 (Governance and Audit and
Standards Committee – information only)
18 March 2013 (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

1. Summary

This report includes the Treasury Management Policy, the Annual Revenue Provision for Debt Repayment Statement and the Annual Investment Strategy.

2. Purpose of report

The purpose of this report is to obtain the Council's approval for 2014/15 to the following (attached):

- Treasury Management Policy Statement
- Annual Minimum Revenue Provision for Debt Repayment Statement
- Annual Investment Strategy

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. Recommendations

4.1a the Head of Financial Services and Section 151 Officer and officers nominated by him is given authority to lend surplus funds as necessary in accordance with the Treasury Management Policy;

4.1b 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

4.1c the upper limits for fixed interest exposures are set as follows:

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- 4.1o** the Housing Revenue Account (HRA) provide for the repayment of the Self Financing Payment over 30 years;

- 4.1p 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;
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4.2 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;**
- (iii) the Annual Strategy Report to the Cabinet in March 2015;**
- (iv) quarterly Treasury Management monitoring reports to the Governance and Audit and Standards Committee.**

5. 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. 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
- Provides for the repayment of supported borrowing in a way matches Government support for such borrowing
- Provides 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

6. Options considered and rejected

The Local Government Act 2003 requires the Council to have regard to both CIPFA's Code of Practice and the statutory guidance. Alternative recommendations that do not have regard to the CIPFA Code of Practice and the statutory guidance could be deemed not to comply with the Local Government Act 2003.

7. Implications

The net cost of Treasury Management activities and the risks associated with those activities have a significant effect on the City Council's overall finances. Effective Treasury Management will provide support to the organisation in the achievement of its business and service objectives.

8. Equality impact assessment (EIA)

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

9. City Solicitor's Comments

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.

10. 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 2013/14

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 Cabinet on 3 March 2014.

.....
Signed by: the Leader

The recommendation(s) set out above were approved/ approved as amended/
deferred/ rejected by the City Council on 18 March 2014.

.....
Signed

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**TREASURY
MANAGEMENT POLICY
STATEMENT, ANNUAL
MINIMUM REVENUE
PROVISION FOR DEBT
REPAYMENT
STATEMENT AND
ANNUAL INVESTMENT
STRATEGY 2014/15**

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

TREASURY MANAGEMENT POLICY STATEMENT 2014/15

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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 12th November 2013.

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	425
Other Long Term Credit Liabilities	<u>86</u>
	<u>511</u>

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	359
Other Long Term Credit Liabilities	<u>86</u>
	<u>445</u>

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.

The ratio of financing costs to net revenue stream approved by the Council in 12th November 2013 was calculated on the basis of the estimated net revenue stream contained in the 2013/14 original revenue budget. This has now been revised to reflect the 2013/14 revised budget and the 2014/15 original budget.

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 4.1(a))**.

4 TREASURY MANAGEMENT STRATEGY FOR 2014/15

4.1 Objectives

It is estimated that the net interest and debt repayment costs for 2014/15 will amount to approximately £32.4m. The Treasury Management policy will therefore form a cornerstone of the Medium Term Resource Strategy. Specific objectives to be achieved in 2014/15 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 (see paragraph 4.11)
- 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. 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.

	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000
Supported Borrowing	193,636	189,616	185,757	182,052	181,550
Housing Revenue Account (HRA) Self Financing (Unsupported)	82,712	79,759	76,806	73,853	70,899
Other Unsupported Borrowing	78,474	82,096	85,557	88,864	88,968
Sub Total - Borrowing	354,822	351,471	348,120	344,769	341,417
Finance leases (Unsupported)	3,775	3,027	2,279	1,658	1,007
Private Finance Initiative (PFI) Schemes (Supported)	73,221	73,596	73,371	71,694	69,367
Waste Disposal Service Concession Arrangement (Unsupported)	10,152	9,472	8,738	7,945	7,089
Sub Total Service Concession Arrangements (including PFIs)	83,373	83,068	82,109	79,639	76,456
Total Gross debt	<u>441,970</u>	<u>437,566</u>	<u>432,508</u>	<u>426,066</u>	<u>418,880</u>
Capital Financing Requirement (CFR):					
Opening CFR in 2013/14	420,208	-	-	-	-
Change in CFR in 2013/14	(3,098)	-	-	-	-
Closing CFR in 2013/14	417,110	417,110	417,110	417,110	417,110
Cumulative increase in CFR in future years	-	-	4,924	4,924	4,924
Closing CFR	<u>417,110</u>	<u>417,110</u>	<u>422,034</u>	<u>422,034</u>	<u>422,034</u>

Prior to 1 April 2004 local authorities were only permitted to borrow to the extent that the Government had granted credit approvals. When the Government granted credit approvals it also increased the Council's revenue grant to cover most of the cost of the resulting borrowing. This is known as supported borrowing and accounts for £190m (or 54%) of total borrowing.

From 1 April 2004 the Council was permitted to borrow without government support, known as unsupported borrowing. On 28 March 2012 the Council made a capital payment of £88.6m to the Government under the HRA Self Financing arrangements in order to avoid future and greater payments to the Government. This was funded by unsupported borrowing.

Revenue grants from the Government also cover most of the £74m financing element of the Milton Cross School, highways and learning disabilities facilities private finance initiative (PFI) schemes.

In essence the Government funds most of the financing costs associated with 60% of the Council's debt.

In 2011/12 the Council was required to pay the Government £88.6m under the Housing Revenue Account self financing scheme. With the expected direction of gilt yields being upwards, £84m was borrowed from the PWLB in the spring and summer of 2011 for between 20 and 50 years at rates between 4.19% and 5.01%. On 29 September 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 the £88.6m required from the PWLB at NLF rates. This has resulted in the Council's gross debt exceeding its estimated capital financing requirement by £24.9m at the end of 2013/14. The Council's gross debt is forecast to exceed its capital financing requirement by £20.5m at the end of 2014/15 and by £4.1m at the end of 2016/17. 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 2017/18.

4.4 Gross and Net Debt

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

	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000	2018/19 £'000
Gross Debt at 31 March	441,970	437,566	432,508	426,066	418,880
Investments at 31 March	(218,741)	(210,017)	(197,815)	(177,000)	(166,000)
Estimated Net Debt	223,229	227,549	234,693	249,066	252,880

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 2014/15

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

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%. Within a highly uncertain environment, the Bank of England must decide the stance of monetary policy. The consensus is that policymakers will pursue loose policy by keeping interest rates low. Capita's interest rate forecasts are conservative for the next three financial years and reflect limited economic growth and a prolonged, but successful management of the Euro zone crisis. Capita's view is that the economy faces strong headwinds due to the current limited growth in productivity and business investment, together with only limited opportunities to increase exports due to weaknesses in the economies of our main trading partners. Capita Asset Services' estimate that 25-year PWLB rates will be 4.4% at the start of 2014/15, rising to 4.6% by the end of 2014/15 and 5.1% in the end of 2016/17. On this basis the estimated interest rate on any new long-term loans in 2014/15 will be between 4.4% and 4.6%.

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 second quarter of 2016 rising to 1.25% by the first quarter of 2017.

4.6 Borrowing / Lending Requirements

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

	2014/15	2015/16	2016/17
	£000	£000	£000
Loans Minimum Revenue Provision (MRP) on existing Capital Financing Requirement (excluding credit arrangements)	(8,541)	(7,829)	(7,951)
Planned capital expenditure financed from borrowing	8,938	15,026	396
Net Cash Requirement	397	7,197	(7,555)
Plus maturing loan debt	3,351	3,351	3,351
Less maturing investments	(177,609)	(20,548)	(51,000)
Add top-up for liquidity allowance	10,000	10,000	10,000
Lending Requirement for Year	(163,861)	0	(45,204)

As part of the budget for 2014/15 it has been assumed that existing maturing debt of £3.4m in 2014/15 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 4.1(b)**).

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 £204m 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 £819k below budget in 2014/15. 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 £819k in 2014/15.

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:

	2013/14	2014/15	2015/16	2016/17
	£m	£m	£m	£m
Maximum Projected Gross Borrowing – Fixed Rate	401	398	394	391
Minimum Projected Gross Investments – Fixed Rate	(39)	(66)	(51)	-

It is recommended that the upper limits for fixed interest rate exposures be set as follows (**Recommendation 4.1(c)**):

2013/14	£362m
2014/15	£332m
2015/16	£343m
2016/17	£391m

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:

	2013/14	2014/15	2015/16	2016/17
	£m	£m	£m	£m
Minimum Projected Gross Borrowing – Variable Rate	-	-	-	-
Maximum Projected Gross Investments – Variable Rate	(189)	(196)	(202)	(223)

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 could mitigate this risk through making long term 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 4.1(d)**):

2013/14	(£189m) – Investments up to £189m
2014/15	(£196m) – Investments up to £196m
2015/16	(£202m) – Investments up to £202m
2016/17	(£223m) – Investments up to £223m

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.

Appendix B shows the City Council's core cash which could be invested long term, ie. in excess of 364 days. 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 1.25% 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. Cash balances are expected to be at their lowest at the end of the financial year as tax receipts are lower in March. It is recommended that the limits on sums invested for periods longer than 364 days be set on the basis of the forecast core cash (see Appendix B) after allowing a safety margin for forecasting error so that there is flexibility to take advantage of the yield. It is recommended that the following limits be placed on total principal sums invested for periods longer than 364 days to (**Recommendation 4.1(e)**):

31/3/2014 = £179m
31/3/2015 = £170m
31/3/2016 = £158m
31/3/2017 = £124m

4.11 Limits for the maturity structure of borrowing

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 C. 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%.

4.11 Limits for the maturity structure of borrowing (Continued)

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 4.1(f)**).

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	4%	4%	0%	20%	0%
12 months and within 24 months	1%	4%	-3%	20%	0%
24 months and within 5 years	3%	12%	-9%	30%	0%
5 years and within 10 years	5%	18%	-13%	30%	0%
10 years and within 20 years	9%	26%	-17%	40%	0%
20 years and within 30 years	13%	17%	-4%	40%	0%
30 years and within 40 years	16%	12%	4%	60%	0%
40 years and within 50 years	49%	7%	42%	70%	0%

The current maturity pattern contained in Appendix C 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 3.48% to 5.01%. 49% of the Council's debt matures in over 40 years' time. Appendix C 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 4.1(g)**).

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
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) 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 2014/15 of £511m set by the City Council on 12 November 2013 must not be exceeded. It is anticipated that the City Council will not need to use the temporary borrowing facility in 2014/15.

(e) Overdraft

An overdraft limit of £2m has been agreed with the Co-operative 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 2014/15 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 fund 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 4.1(h)**).

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 4.1(i)**):
- 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 4.1(j)**). This is the same method as that adopted for 2013/14.

10. SELF- FINANCED BORROWING OTHER THAN 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 4.1(k)**). This is the same method as that adopted for 2013/14.

11 FINANCE LEASES AND ON BALANCE SHEET SERVICE CONCESSIONS INCLUDING PRIVATE FINANCE INITIATIVE 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 4.1(l)**).

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 with effect from 2013/14 (**recommendation 4.1(m)**). This is a departure from the MRP calculation for 2012/13 when the MRP on this borrowing was calculated using the Asset Life (Equal Instalment) method.
- 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 4.1(n)**). This is in line with the MRP policy adopted in 2012/13 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 4.1(o)**). 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 D.
- 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 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 4.1p**). 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.

- 16.5 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 4.1q**).
- 16.6 When an institution or state has differing ratings from different agencies, the lowest rating will be used to assess its suitability. Those institutions that have not been rated by a particular agency will not be discarded because of the lack of ratings.
- 16.7 It is proposed that investments be allowed in government bodies, banks including supranational banks, building societies, RSLs and corporate bonds that meet the Council's investment criteria. 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, and the risk of permanent loss following a default also varies according to the nature of the institution.
- 16.8 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.
- 16.9 The risk of loss following a default is much smaller for building societies. The mutual ownership of building societies means that in the unlikely event of a building society failing, wholesale depositors such as the Council would almost certainly receive back the full amount of their investment with any losses falling on the society's reserves and members deposits first. 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.
- 16.10 Corporate bonds are likely to carry a higher risk of loss following default than banks as commercial companies may be of less systemic importance than banks and are less likely to be bailed out by their governments.

16.11 It is proposed to divide the approved counter parties for specified investments into nine categories as follows:

	Recommended Maximum Investment in a Single Organisation
<u>Category 1</u> United Kingdom Government including the Debt Management Office Deposit Facility	Unlimited investments for up to 5 years
<u>Category 2</u> Local authorities in England, Scotland and Wales	£26m for up to 5 years
<u>Category 3</u> RSLs with a single long term credit rating of Aa-	£26m for up to 5 years or 10 years if secured
<u>Category 4</u> Banks with a short term credit rating of F1+ and a long term rating of Aa-. Aaa rated money market funds	£26m for up to 5 years
<u>Category 5</u> RSLs with a single A long term credit rating of A-	£20m for up to 5 years or 10 years if secured
<u>Category 6</u> Banks 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. Corporate bonds with a long term credit rating of Aa-	£19m for up to 5 years for banks and building societies. £19m for up to 4 years for corporate bonds.
<u>Category 7</u> Banks 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-. Corporate bonds with a long term credit rating of A+	£13m for up to 5 years for banks and building societies. £13m for up to 4 years for corporate bonds.
<u>Category 8</u> Banks with a short term credit rating of F1 and a long term rating of A-. Corporate bonds with a long term credit rating of A	£10m for up to 5 years for banks. £10m for up to 4 years for corporate bonds.
<u>Category 9</u> Corporate bonds with a long term credit rating of A-	£6m for up to 4 years

- 16.12 It is proposed that the bodies meeting the criteria of categories 1 to 9 in paragraph 16.11 be approved as repositories of specified investments of the City Council's surplus funds **(Recommendation 4.1(r))**. A list of financial institutions currently meeting the Council's investment criteria is contained in Appendix E. There are too many RSLs and companies issuing corporate bonds to include in the list.
- 16.13 It is recommended that the credit ratings be reviewed monthly and that any institution whose lowest credit rating falls below the criteria for category 9 in paragraph 16.11 be removed from the list of specified investments **(Recommendation 4.1(s))**.
- 16.14 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 4.1(t))**.

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 45% of the Council's 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 2014/15 will be £237m. 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 categories be established for non-specified investments that do not meet the criteria for specified investments.
- 17.3 It is also recommended that a further category of non-specified investments be established for community interest companies that do not meet the criteria for specified investments in order to contribute to the lending objective of making funds available for the regeneration of Hampshire (paragraph 4.1 (b)).

Category 10 - £10m for 364 days

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)

Viability / BFSR – bbb / C-

Support – 5

Category 10 will consist of rated building societies that meet the above criteria.

The building societies included in category 10 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.

Category 11 - £6m for 364 days

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.

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	£5.0m
Furness	£4.0m
Leek United	£3.8m
Monmouthshire	£3.7m
Newbury	£3.4m
Hinkley & Rugby	£2.9m
Darlington	£2.6m
Market Harborough	£2.1m
Melton Mowbray	£1.9m
Tipton and Crossley	£1.8m
Marsden	£1.7m
Hanley Economic	£1.6m
Scottish	£1.7m
Dudley	£1.6m
Loughborough	£1.4m
Mansfield	£1.4m
Vernon	£1.2m
Harpenden	£1.1m
Buckinghamshire	£1.1m
Harpenden	£1.1m
Swansea	£1.0m

Category 12 - £5m for unlimited periods

Category 12 will consist of callable preference shares in Hampshire Community Bank (HCB) which is a community interest company that will provide a new source of development capital to local businesses and will be committed to local job creation and growth.

Although HCB does not have a credit rating, it will be modelled on the German Sparkassen (local not for profit savings banks) and Volksbanken (Peoples Banks) which have successfully traded for 200 years. No Sparkasse or Volksbank in Germany has ever defaulted or needed a state rescue.

Investors in HCB will receive a stand-by credit line facility of up to 7 times their investment, to ensure investors have no liquidity disadvantages from their investment. Should the Council need to withdraw its money, HCB will also arrange a private sale of preference shares to another interested party.

The shares should receive a dividend of 5.0% per annum from years 3 to 10 and a one-off 10-year bonus that will lift the annual equivalent return to 6% over the first 10 year period. HCB has undertaken not to call the preference shares before the end of the first 10-year period. The preference shares will rank senior to any other class of shares, giving priority as regards participation in the bank's profits and on a return of capital. However, dividends on the preference shares may be paid only to the extent that the payment can be made out of the bank's distributable profits. A payment will not be paid on the preference shares if payment of the dividend would cause a breach of the applicable capital adequacy requirements of the Financial Conduct Authority (FCA) or the Prudential Regulation Authority (PRA). If HCB makes losses, HCB's shareholders could be expected to bear losses before depositors, and the Council may not be able to recoup its investment.

- 17.4 The Council's treasury management operation is exposed to the Council's subsidiary company MMD (Shipping Services) Ltd in two ways. Firstly 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 RSLs for five years (10 years if the loan is secured on an RSLs assets), and A rated corporate bonds for four 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 4.1 (u)**):

	£
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	170m
Investments in foreign currencies to hedge against contracts priced or indexed against foreign currencies	5m
Community investment companies without a credit rating	5m
Total	263m

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 4.1(v))**:

	Maximum Investment in Single Organisation
Category 1	Unlimited for up to 5 years
Category 2	£26m for up to 5 years
Category 3	£26m for up to 5 years or 10 years if secured
Category 4	£26m for up to 5 years
Category 5	£20m for up to 5 years or 10 years if secured
Category 6	£19m for up to 5 years for banks and building societies. £19m for up to 4 years for corporate bonds
Category 7	£13m for up to 5 years for banks and building societies. £13m for up to 4 years for corporate bonds
Category 8	£10m for up to 5 years for banks and building societies. £10m for up to 4 years for corporate bonds
Category 9	£6m for up to 4 years
Category 10	£10m for up to 364 days
Category 11	£6m for up to 364 days
Category 12	£5m for an unlimited period
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 4.1(w))**.
- 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 In order to minimise systemic credit risk in any sector it is recommended that the following limits be applied **(Recommendation 4.1(x))**:

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 **(Recommendation 4.1(y))**:

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

- 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 (See Appendix B). This forecast is used to determine the maximum period for which funds may be prudently committed. ie. the City Council's core cash. This forecast has been used to set the limits on total principal sums invested for periods longer than 364 days (see paragraph 4.10). 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 In 2011/12 the Council was required to pay the Government £88.6m under the Housing Revenue Account self financing scheme. With the expected direction of gilt yields being upwards, £84m was borrowed from the PWLB in the spring and summer of 2011 for between 20 and 50 years at rates between 4.19% and 5.01%. On 29 September 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 offered to local authorities. The Council therefore took advantage of this and borrowed the £88.6m required from the PWLB at NLF rates. This has resulted in the Council's gross debt exceeding its estimated capital financing requirement by £24.9m at the end of 2013/14. 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 £20.5m at the end of 2014/15. 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 £4.1m at the end of 2016/17. 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 2017/18.

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 Forum 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 Standing Orders 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 2015
- (iv) quarterly treasury management monitoring reports to the Governance and Audit and Standards Committee

APPENDIX A

PRUDENTIAL INDICATORS

Capital Expenditure							
	2012/13 Actual £000	2013/14 Estimate £000	2014/15 Estimate £000	2015/16 Estimate £000	2016/17 Estimate £000	2017/18 Estimate £000	2018/19 Estimate £000
Children & Education	7,640	13,937	9,422	-	-	-	-
Culture & Leisure	985	2,390	4,343	775	-	-	-
Environment & Community Safety	254	997	13,192	12,340	22,340	14,000	200
Health & Social Care (Adults Services)	438	1,963	3,775	2,868	165	-	-
Planning, Regeneration & Economic Development	381	1,703	23,214	22,545	29,962	50,293	2,810
Commercial Port	4,780	1,777	3,956	-	-	-	-
Resources	5,256	5,083	5,087	2,066	250	-	-
Traffic & transportation	14,869	35,675	13,991	12,225	2,689	2,449	3,435
Millennium	344	23	-	-	-	-	-
Licensing Committee	-	-	-	-	-	-	-
Housing General Fund	1,836	3,900	13,200	4,706	3,064	2,914	2,968
Non HRA	36,783	67,402	90,180	57,525	58,470	69,656	9,413
HRA	18,559	34,723	34,510	26,763	26,367	29,787	29,787
Total	55,342	102,125	124,690	84,288	84,837	99,443	39,200

Ratio of financing costs to net revenue stream							
	2012/13 Actual	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate
Non - HRA	12.0%	12.3%	13.4%	13.4%	13.6%	12.4%	10.8%
HRA	14.1%	12.4%	12.4%	11.7%	11.3%	10.8%	10.3%

Capital Financing Requirement							
	2012/13 Actual £000	2013/14 Estimate £000	2014/15 Estimate £000	2015/16 Estimate £000	2016/17 Estimate £000	2017/18 Estimate £000	2018/19 Estimate £000
Non - HRA	278,198	271,272	247,846	249,625	238,176	239,685	231,285
HRA	142,010	145,205	166,785	168,638	168,082	165,128	162,174

HRA Limit on Indebtedness							
	2012/13 Actual £000	2013/14 Estimate £000	2014/15 Estimate £000	2015/16 Estimate £000	2016/17 Estimate £000	2017/18 Estimate £000	2018/19 Estimate £000
HRA	181,701	181,701	181,701	181,701	181,701	181,701	181,701

Authorised Limit for External debt							
	2012/13 Actual £000	2013/14 Estimate £000	2014/15 Estimate £000	2015/16 Estimate £000	2016/17 Estimate £000	2017/18 Estimate £000	2018/19 Estimate £000
Borrowing	379,615	426,372	424,511	418,932	417,799	415,278	408,566
Other Long Term Liabilities (ie Credit Arrangements)	88,720	87,148	86,095	84,389	81,297	77,463	77,463
Total	468,335	513,521	510,607	503,321	499,096	492,741	486,029

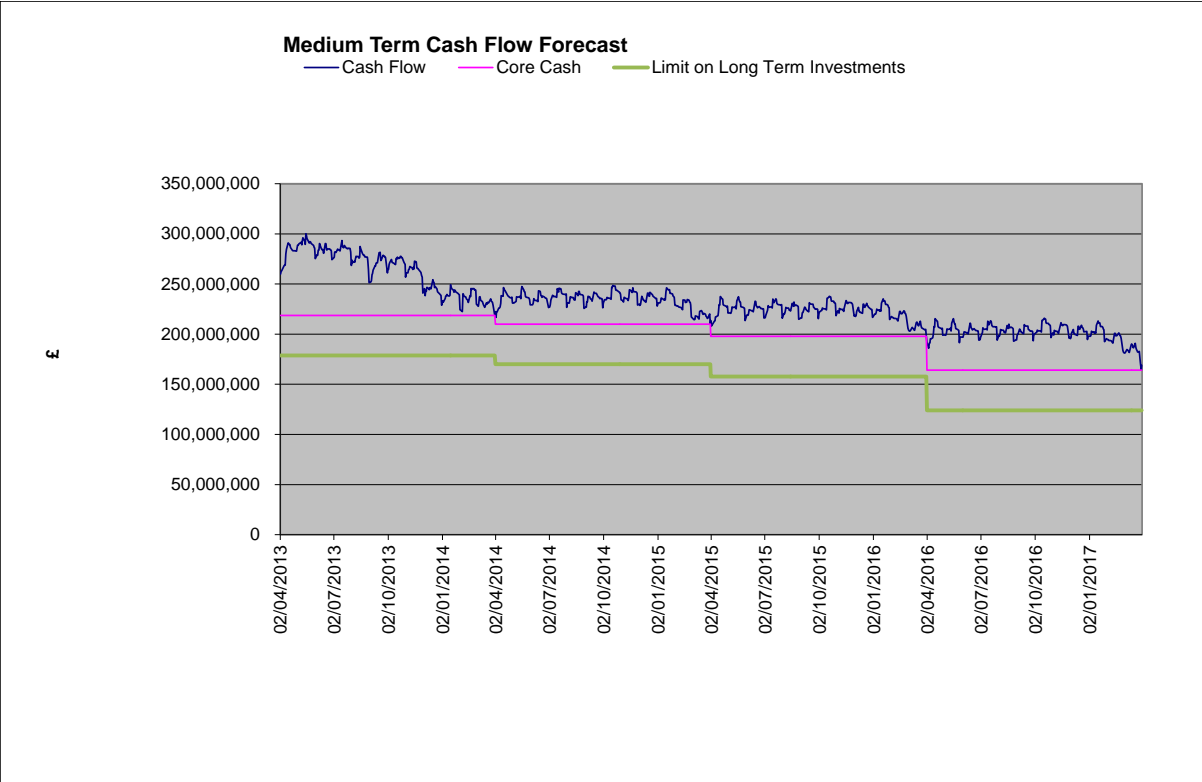
Operational boundary for external debt							
	2012/13 Actual £000	2013/14 Estimate £000	2014/15 Estimate £000	2015/16 Estimate £000	2016/17 Estimate £000	2017/18 Estimate £000	2018/19 Estimate £000
Borrowing	358,173	361,501	359,203	353,178	351,211	348,602	341,417
Other Long Term Liabilities (ie Credit Arrangements)	88,720	87,148	86,095	84,389	81,297	77,463	77,463
Total	446,893	448,649	445,298	437,566	432,508	426,065	418,880

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	
Revenue effect of existing capital programme	402	789	1,209	1,298	1,431	
Revenue effect of proposed capital programme	482	904	1,322	1,406	1,538	
Increase in revenue effect	80	114	112	108	107	
Increase in Council Tax Band D	£1.59	£2.26	£2.22	£2.14	£2.12	

Incremental impact of capital investment decisions on the housing rents					
	2014/15 Estimate £000	2015/16 Estimate £000	2016/17 Estimate £000	2017/18 Estimate £000	2018/19 Estimate £000
Revenue effect of existing capital programme	32,744	25,491	25,674	29,285	31,010
Revenue effect of proposed capital programme	38,575	23,955	25,419	28,515	28,391
Increase in revenue effect	5,831	(1,536)	(255)	(770)	(2,619)
Effect on average weekly rent	£7.40	(£1.94)	(£0.32)	(£0.98)	(£3.33)

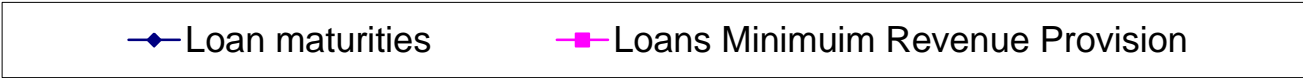
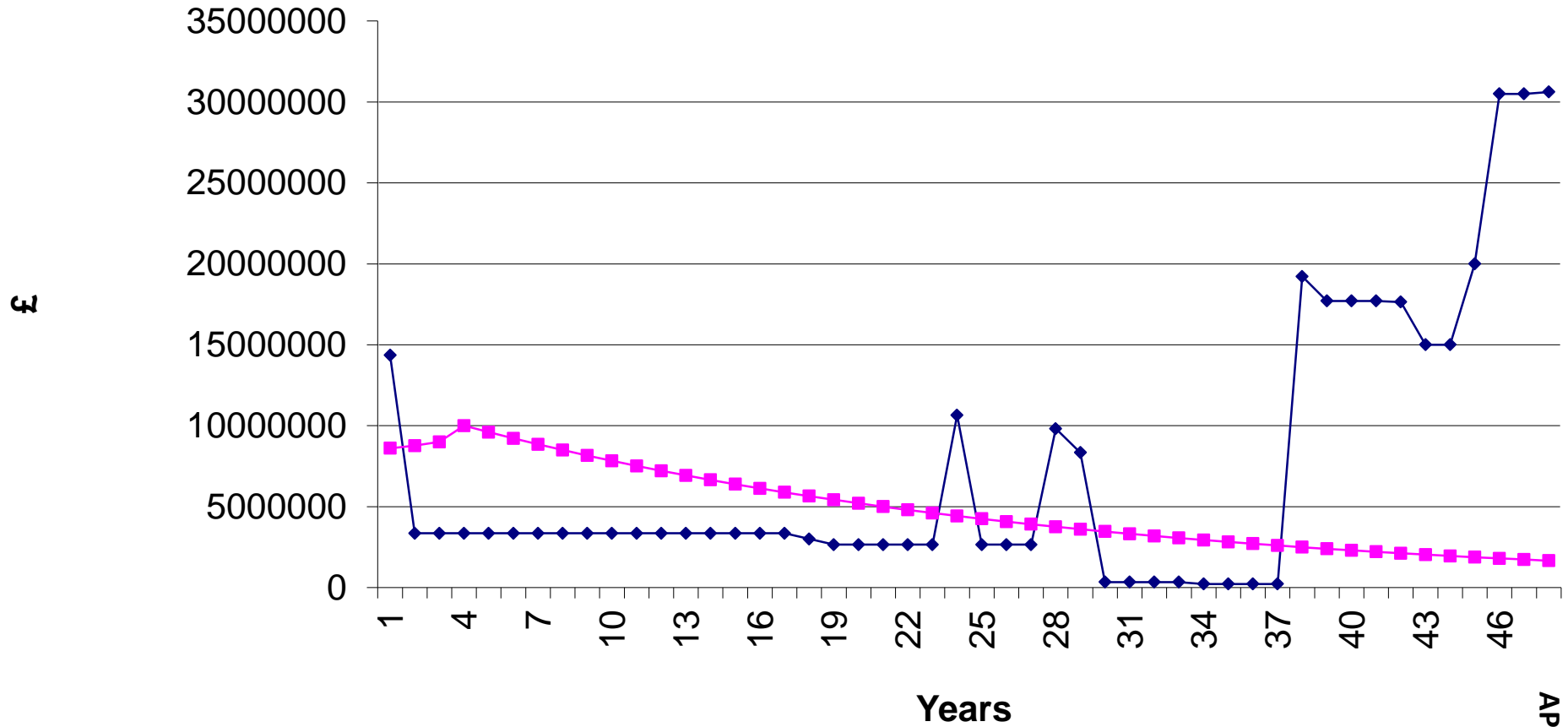
* The incremental impact of capital investment decisions on the Council Tax has been calculated on the basis of the estimated tax base contained in the original revenue budget.

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Principal Repayment of Debt



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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.

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INVESTMENT COUNTER PARTY LIST

APPENDIX E

Category	Counter Party	Minimum 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		26,000,000	5 years
3	Registered Social Landlords (RSLs)	AA-		26,000,000	5 years or 10 years if secured
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	Royal Bank of Canada	AA-		26,000,000	5 years
4	Toronto Dominion Bank	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	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 Development Bank	AAA		26,000,000	5 years
4	IBRD (World Bank)	AAA		26,000,000	5 years
4	Council of Europe Development Bank	AA+		26,000,000	5 years
4	European Bank for Reconstruction & Development	AAA		26,000,000	5 years
4	European 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	Instant Access
4	Short Term Investment Company (Global Series) Plc	AAA	Money Market Fund	26,000,000	Instant Access
4	Goldman Sachs Sterling Liquidity Reserve	AAA	Money Market Fund	26,000,000	Instant Access
4	Scottish Widows Investment Partnership Global Liquidity Sterling Fund	AAA	Money Market Fund	26,000,000	Instant Access
4	BNY Mellon Sterling Liquidity Fund	AAA	Money Market Fund	26,000,000	Instant Access
4	Citibank	AAA	Money Market Fund	26,000,000	Instant Access
4	Deutsche Global Liquidity Series Plc	AAA	Money Market Fund	26,000,000	Instant Access
4	Morgan Stanley Funds Plc	AAA	Money Market Fund	26,000,000	Instant 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	5 years or 10 years if secured
6	Standard Chartered Bank	A+		19,000,000	5 years
6	HSBC Bank plc	A+		19,000,000	5 years
6	Rabobank Nederland NV	A+		19,000,000	5 years
6	Bank of Montreal	A+		19,000,000	5 years
6	Bank of Nova Scotia	A+		19,000,000	5 years
6	Canadian Imperial Bank of Commerce	A+		19,000,000	5 years
6	Pohjola Bank Plc	A+		19,000,000	5 years
6	Nordia Bank AB	A+		19,000,000	5 years
6	Svenska Handelsbanken	A+		19,000,000	5 years
6	Swedbank AB	A+		19,000,000	5 years
6	JP Morgan Chase Bank NA	A+		19,000,000	5 years
6	DNB Bank	A+		19,000,000	5 years

Category	Counter Party	Minimum Long Term Credit Rating *	Comments	Investment Limit £	Maximum Term
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	ABN Amro Bank NV	A-		10,000,000	5 years
8	ING Bank NV	A-		10,000,000	5 years
8	Barclays Bank Plc	A-		10,000,000	5 years
9	Restricted to corporate bonds	A-		6,000,000	4 years
10	Leeds Building Society	A-	Short term rating F2	10,000,000	364 days
10	Yorkshire Building Society	BBB		10,000,000	364 days
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		5,000,000	364 days
11	Furness Building Society	Unrated		4,000,000	364 days
11	Leek United Building Society	Unrated		3,800,000	364 days
11	Monmouthshire Building Society	Unrated		3,700,000	364 days
11	Newbury Building Society	Unrated		3,400,000	364 days
11	Hinckley & Rugby Building Society	Unrated		2,900,000	364 days
11	Darlington Building Society	Unrated		2,600,000	364 days
11	Market Harborough Building Society	Unrated		2,100,000	364 days
11	Melton Mowbray Building Society	Unrated		1,900,000	364 days
11	Tipton & Coseley Building Society	Unrated		1,800,000	364 days
11	Marsden Building Society	Unrated		1,700,000	364 days
11	Hanley Economic Building Society	Unrated		1,600,000	364 days
11	Scottish Building Society	Unrated		1,700,000	364 days
11	Dudley Building Society	Unrated		1,600,000	364 days
11	Loughborough Building Society	Unrated		1,400,000	364 days
11	Mansfield Building Society	Unrated		1,400,000	364 days
11	Vernon Building Society	Unrated		1,200,000	364 days
11	Stafford Railway Building Society	Unrated		1,100,000	364 days
11	Buckinghamshire Building Society	Unrated		1,100,000	364 days
11	Harpenden Building Society	Unrated		1,100,000	364 days
11	Swansea Building Society	Unrated		1,000,000	364 days
12	Hampshire Community Bank	Unrated		5,000,000	Unlimited

Notes

* The long term credit ratings shown are adjusted to take account of possible future actions resulting from negative watches & outlooks. All negative watches & outlooks are assumed to result in a one notch downgrade.

Agenda Item 10

CABINET

(from 3 March 2014)

CAB

Budget & Performance Monitoring 2013/14 (3rd Quarter) to end December 2013 (Cabinet minute 34 refers)

RECOMMENDED to Council that:

- (i) The contents of this report be noted, in particular (after further forecast transfers to Portfolio Specific Reserves of £449,600) the overall forecast overspend of £316,600 representing a variance of 0.16% against the City Council Revised Budget of £192,781,200. Before further forecast transfers to Portfolio Specific Reserves, there is a forecast underspend of £133,000 representing a variance of 0.07%.**
- (ii) Members note that any actual overspend at year end will in the first instance be deducted from any Portfolio Reserve balance and once depleted then be deducted from the 2014/15 Cash Limit.**
- (iii) A report in respect of the Children and Education Portfolio be prepared for the Cabinet in April 2014 setting out the options for significantly reducing or eliminating in future financial years the adverse budget position presently being forecast by the Portfolio, including the associated impact of doing so.**
- (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 2014/15 Portfolio cash limit will be managed to avoid further overspending during 2014/15.**

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Decision maker: Cabinet 3rd March 2014
City Council 18th March 2014

Subject: Budget & Performance Monitoring 2013/14 (3rd Quarter) to end December 2013

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 2013/14.

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

2. Recommendations

- 2.1 It is recommended that:

- (i) The contents of this report be noted, in particular (after further forecast transfers to Portfolio Specific Reserves of £449,600) the overall forecast overspend of £316,600 representing a variance of 0.16% against the City Council Revised Budget of £192,781,200. Before further forecast transfers to Portfolio Specific Reserves, there is a forecast underspend of £133,000 representing a variance of 0.07%.
- (ii) Members note that any actual overspend at year end will in the first instance be deducted from any Portfolio Reserve balance and once depleted then be deducted from the 2014/15 Cash Limit.
- (iii) A report in respect of the Children and Education Portfolio be prepared for the Cabinet in April 2014 setting out the options for significantly reducing or eliminating in future financial years the adverse budget position presently being forecast by the Portfolio, including the associated impact of doing so.
- (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 2014/15 Portfolio cash limit will be managed to avoid further overspending during 2014/15.

3. Background

- 3.1 The Revised Budget for 2013/14 of £192,781,200 was approved by City Council on the 11th February 2014. This level of spending required an overall contribution from General Reserves of £5.58m 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 2013/14 and reports on the forecast 2013/14 outturn as at the end of December 2013. 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 Council Tax setting report approved by Council on 11th February 2014. The format presented at Appendix A has been amended to aid understandability for monitoring purposes by excluding all non cash items which have a neutral effect on the City Council's budget such as Capital Charges. In addition to this, Levies and Insurances are shown in total and have therefore been separated from Portfolios to also provide greater clarity for monitoring purposes.

4 Forecast Outturn 2013/14 – As at end December 2013

- 4.1 At the third quarter stage, the revenue outturn for 2013/14 before further forecast transfers to Portfolio Specific Reserves is forecast to be underspent by £133,000 representing an overall budget variance of 0.07%.

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 (Adjusted Budget)	Quarter 2 (Adjusted Budget)		Quarter 3 (Revised Budget)
£	£		£
2,923,600	1,170,500	Children and Education	2,555,300
595,700	162,100	Health and Social Care	156,000
925,500	870,900	Traffic and Transportation	Nil

These are offset by the following significant forecast underspends at the quarter 3 stage:

Quarter 1 (Adjusted Budget)	Quarter 2 (Adjusted Budget)		Quarter 3 (Revised Budget)
£	£		£
	102,900	Environment and Community Safety	357,300
176,200		PRED	
	536,200	Port	
	294,700	Resources	353,800
118,300		Governance Audit and Standards Committee	
1,890,100	1,563,700	Asset Management Revenue Account	
		Other Miscellaneous	2,144,600

5 Quarter 3 Significant Budget Variations – Forecast Outturn 2013/14

5.1 Children and Education – Overspend £2,555,300 (or 7.9%)

The cost of Children and Education Services is forecast to be £2,555,300 higher than budgeted.

The key variances are:

- Staffing costs across the Portfolio are forecast to overspend by £689,000. As a result of:
 - fewer vacancies than assumed when the budget was prepared
 - delays in achieving planned efficiency savings
 - higher staffing requirements for children with disabilities and adoption placements
 - agency staffing costs in respect of sickness and maternity cover
- Child Support Services are forecast to overspend by £316,900 as a result of increased pupil transport requirements and the associated assessment process offset by a reduction in expenditure arising from a delay in the introduction of the new sitting service.

- The first three months of the financial year saw an increase in the number of children requiring placement. Whilst these numbers have returned to the levels at the beginning of the year, and remained stable over the last quarter, the numbers are still in excess of budgeted provision. The projected spend presumes that existing placements will continue for the remainder of the year, although review work will continue. The budget provided for an increase in the number of Portsmouth Foster Carers as part of the 5 year strategy to reduce the number of looked after children placed with Independent Fostering Agencies. Whilst the number of Portsmouth Foster Carers is growing it is at a pace slightly below expectations. Taking all of these factors into account the Looked After Children budget heading is forecast to overspend by £1,594,300.

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

5.2 Health and Social Care – Overspend £156,000 (or 0.3%)

The cost of Health & Social Care is forecast to be £156,000 higher than budgeted.

The key variances are:

Overspendings

- As a result of an increase in client numbers within the Mental Health and Substance Misuse service the budget is forecast to be overspent by £171,100
- PCC contribution to Continuing Health Care Pooled Budget – PCC's contribution is forecast to be £860,000 higher than budgeted due to:-
 - The residential care budget assumed client numbers of 112 however currently there are 121 being supported by Adult Social Care as at the end of December. It is expected to continue at this level for the remainder of the financial year. Currently 162 clients are in receipt of nursing care compared to a target level of 132. Domiciliary Care client numbers have also increased from 712 to 770 since April 2013. These factors are causing significant pressure within the budget which is projected to overspend by £860,000 as a result.

Underspendings

- The cost of in-house residential care is forecast to be £64,900 lower than budgeted as a result of increased income at Hilsea Lodge, Edinburgh House and Shearwater offset by increased staffing made in response to an inspection by the Care Quality Commission at Shearwater care home.
- Staffing costs are forecast to be £472,000 lower than originally budgeted primarily as a result of not filling posts in the early part of the year and the holding of vacancies pending an organisational restructure within the Adult Social Care Service.

- An increase in demand for dementia care has led to a rise in client numbers with a corresponding increase in client contributions. Income from clients on the Deferred Payments Scheme is also higher. Older Persons/Physical Disability Commissioned Residential Care Income is £126,100 higher than budgeted as a result.
- There has been an increase in client numbers for domiciliary care in both Older Persons and Physical Disability resulting in forecast income being £60,100 higher than budgeted.
- Management, Support & Premises are forecast to underspend by £95,600 arising from reductions in premises costs, training and IT expenditure

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

5.3 Traffic & Transportation – Nil variance

As approved by the City Council on 11th February 2014 any overspend against the Traffic & Transportation Portfolio will be funded by an equivalent transfer from the Parking Reserve. It is expected that a transfer of £851,000 will be necessary to meet the shortfall between in-year spending and in-year income.

The main causes of the underlying forecast deficit relate to:

- Income within Off Street Parking is forecast to be £606,600 less than budgeted.
- Despite budgeting for increases in street lighting energy costs, expenditure is forecast to be £139,600 higher than budgeted as a result of a change in the methodology used to measure consumption.
- The cost of travel concessions is anticipated to be £63,100 higher than originally budgeted.
- School Crossing Patrols - A budget saving of £200,000 was approved by the City Council in February 2013 with the intention that the remaining budget would be passed to schools who would then become responsible for providing their own school crossing patrols. However, such an arrangement would require lengthy and complex consultation with each school governing body which has meant that this saving is no longer achievable in the medium term. Once savings arising from holding posts vacant are taken into account the forecast overspend is reduced to £121,000.
- The above overspends are offset by higher income than budgeted within the Road Safety & Sustainable Transport and Passenger Transport services totalling £57,100.

5.4 Environment and Community Safety – Underspend £357,300 (or 2.2%)

The Portfolio is forecasting an underspend of £357,300.

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:

- Primarily as a result of effective contract monitoring the cost of Refuse Collection and Waste Recycling is forecast to be £220,700 lower than budgeted.
- Staffing costs across the Portfolio are expected to be £129,300 lower than originally budgeted due to staff vacancies, higher fee income for staff time spent on major capital projects including Tipner, Northern Quarter and Northern Road Bridge and two staff previously wholly chargeable to Environment & Community Safety now being shared with Public Health.

5.5 Resources – Underspend £353,800 (or 1.5%)

The Portfolio is forecasting an underspend of £353,800.

The main causes of the forecast underspend are:

- The holding of posts vacant across the Portfolio in anticipation of savings requirements in future years has resulted in a reduction of staffing costs of £246,000.
- Claims for support under the Local Welfare Assistance scheme are currently forecast to be £42,200 lower than originally budgeted.
- Following a review of the despatch service and the impending changes to primary school meal provision a decision has been made to delay the purchase of a replacement vehicle until after any required changes to existing school meal delivery arrangements are known. This has resulted in a reduction in expenditure of £41,800 within the AMS Design & Maintenance Service.
- Following changes to the Non-Domestic Rates regulations, which govern the sharing of the cost of discretionary relief between local authorities and the Government, the Council's share of the cost of discretionary relief awarded has reduced by £42,200.

Offset by:

- Human Resources, Legal & Performance Management are expected to experience a shortfall in fee income of £39,400 as a result of staff being redeployed to corporate enabling based initiatives including City Deal and Super Connected Cities.

5.6 Other Miscellaneous – £2,144,600

As described in the Council Tax Setting Report to Council on 11th February 2014 Children and Education Portfolio is experiencing difficulty containing expenditure within budgeted limits. The Revised Budget approved by the City Council on the 11th February 2014 was prepared to include a Contingency provision of £2,144,600 which

was set aside to guard against an overall overspend on the Council budget. As set out in that report an action plan will be reported to Cabinet in April 2014 which will guide a decision on whether to "Claw Back" any 2013/14 overspend from the 2014/15 Cash Limit.

6 Other Minor Budget Variations – Forecast Outturn 2013/14

6.1 Culture, Leisure & Sport – Overspend £5,400 (or 0.1%)

6.2 Housing – Overspend £96,300 (or 3.0%)

Overspends within Green Deal and Licensing of Low Rise Houses in Multiple Occupation totalling £186,000 are offset by the following underspends:

- Private Housing enforcement and assistance projects have commenced, however due to department reorganisations they are now projected in some cases to continue past the end of the current financial year resulting in an underspend of £44,800. These projects relate to Landlord Accreditation, Winter Warmth, Un-Licensed gas fitters and Rogue Builders. It is anticipated that there will be no adverse impact on residents from a delayed start. It is expected that these projects will prove significant in providing appropriate support and protection for private housing owners and tenants which will enable housing in Portsmouth to be of sufficient long term quality.
- Savings within Housing Strategy and Home Check Scheme originally planned for implementation in 2014/15 have been brought forward to 2013/14 resulting in an underspend of £59,700

6.3 Leader – Minor Overspend £8,100 (or 3.5%)

6.4 PRED – Overspend £67,000 (or 5.1%)

A number of variances across the Portfolio are being forecast as follows:

- Staffing restructures coupled with staff vacancies has resulted in a small underspend across the Portfolio of £4,000.
- Income across the Portfolio is lower than budgeted by £41,100 primarily as a result of reduced income from PCMI manufacturing sales (£95,100) offset by increased income following an upturn in occupancy at enterprise centres (£54,000).
- Additional sponsorship combined with lower costs associated with Christmas lighting and seasonal events has resulted in an underspend of £44,500.
- Once City Council assets are declared surplus to requirements the holding and disposal costs become the responsibility of the Property Portfolio. The cost of holding and marketing these assets for subsequent disposal has led to a forecast overspend of £77,400.

6.5 PRED (Port) – Underspend £79,600 (or 7.7%)

Overall net income from the Port is forecast to be £79,600 above target income.

This is primarily due to increased rental and concession income of £77,200.

6.6 Licensing Committee – Underspend £47,100 (or 40.4%)

Additional net income arising from recent changes in legislation relating to scrap metal & motor salvage dealers which requires them to be licenced by the Local Authority from 2013/14. Previously these dealers were only required to be registered with the Local Authority. 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.

6.7 Governance, Audit and Standards Committee – Underspend £16,100 (or 8.0%)

Additional income to the Registrars Service arising mainly from increased demand for priority birth certificate searches and civil marriage ceremonies.

6.8 Levies – Underspend £22,400 (or 2.9%)

Minor variation due to levies being lower than originally estimated.

6.9 Insurance – No Forecast Variance

6.10 Asset Management Revenue Account – No Forecast Variance

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.

7. Relationships between Financial Performance and Service Performance

7.1 There are a number of areas where the council is demonstrating strong performance. It is performing well on almost all of its key performance indicators in relation to Revenues and Benefits, although Council Tax collection is slightly below plan. The main impacts of welfare reform changes appear to be with council tax benefit changes. There is good progress on implementing working around the Better Care Fund. There are some positive outcomes in the recruiting of foster carers and potential adopters, and improvements in the timeliness of core assessments for children. Key projects at Tipner and Northern Road Bridge are expected to finish on schedule and on budget.

7.2 However, there are still some areas of concern. There remains uncertainty on key Department of Work and Pension initiatives, such as the Universal Credit and the

Single Fraud investigation service, for example. In line with many other local authorities, the recycling rate continues to fall. Recent changes to rent policy, along with cuts in benefits leading to increased rent arrears, may create a long term impact to the Housing Revenue account.

- 7.3 There are some areas where improvements need to be made, and there are plans to address these. There are some areas where sickness absence is a concern. The link between preventative services and early interventions needs to be better understood, and outcomes achieved. Available capital for school sufficiency and condition issues remains an on-going concern.
- 7.4 A full report on quarter 3 performance will be considered by Governance, Audit and Standards Committee on 13th March 2014.

8. Conclusion - Overall Finance & Performance Summary

- 8.1 The overall forecast outturn for the City Council in 2013/14, before further transfers to Portfolio Specific Reserves as at the end of December 2013, is forecast to be £192,648,200. This is an overall underspend of £133,000 against the Revised Budget and represents a variance of 0.07%. Once all transfers to Portfolio Specific Reserves are taken into account the forecast outturn for the City Council increases by £449,600 to £193,097,800. This is an overall overspend against the revised budget of £316,600 representing a variance of 0.16%.
- 8.2 The forecast takes account of all known variations at this stage, but only takes account of any remedial action to the extent that there is reasonable certainty that it will be achieved.
- 8.3 The overall financial position is deemed to be “amber” since the forecast outturn after transfers to Portfolio Specific Reserves is slightly higher than budgeted. However, finance is not having a negative impact on the overall performance status of the Council’s activities.
- 8.4 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 2013/14. Consequently it is recommended that a report in respect of this Portfolio be prepared for the Cabinet in April setting out the options for significantly reducing or eliminating in future financial years the adverse budget position presently being forecast by the Portfolio, including the associated impact of doing so.
- 8.5 Where a Portfolio is presently forecasting a net overspend, in accordance with current Council policy, any overspending in 2013/14 will be deducted from cash limits in 2014/15 and therefore the appropriate Heads of Service in consultation with Portfolio Holders should prepare an action plan outlining how their 2013/14 forecast outturn or 2014/15 budget might be reduced to alleviate the adverse variances currently being forecast.
- 8.6 Based on the Revised Budget of £192,781,200 the Council will remain within its minimum level of General Reserves for 2013/14 of £6.0m as illustrated below:

	<u>£m</u>
General Reserves brought forward @ 1/4/2013	23.614
<u>Add:</u>	
Forecast Underspend 2013/14	0.133
<u>Less:</u>	
Planned Withdrawal from General Reserves 2013/14	(5.585)
Further Forecast Transfers to Portfolio Specific Reserves	(0.450)
Forecast General Reserves carried forward into 2014/15	17.712

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

- 8.7 In accordance with Recommendation (p) set out in the "Portsmouth City Council - Council Revenue Budget 2014/15 Savings and Council Tax Proposals" report approved by the City Council on the 11th November 2013 (which inter alia updated the Councils Financial Rules to enable each Portfolio to retain 100% of any year end under spending and to be held in an earmarked reserve for use by the relevant Portfolio) the balance on each Portfolio Specific Reserve as at 31st March 2014 is forecast to be:

Portfolio	Balance 1 st April 2013	Approved Transfers (From)/To	Further Forecast Transfers (From)/To	Forecast Balance 31 st March 2014
Culture, Leisure & Sport	0	72,000	(5,400)	66,600
Environment & Community Safety	0	442,000	357,300	799,300
Health & Social Care	0	2,500,000	(156,000)	2,344,000
Housing	0	186,000	(96,300)	89,700
PRED (excl. Port)	0	80,000	(67,000)	13,000
Resources	0	196,000	353,800	549,800
Licensing Committee	0	0	47,100	47,100
Governance & Audit Committee	0	80,000	16,100	96,100
Total	0 0	3,556,000	449,600	4,005,600

- 8.8 Financial resources are not seen as a primary barrier during the current year to either performance achievement or performance improvement. Although there are 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 context with each other.

9. City Solicitor’s Comments

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

10. Equalities Impact Assessment

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

.....

Chris Ward

Head of Finance & S151 Officer

Background List of Documents –

Section 100D of the Local Government Act 1972

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

Title of Document	Location
Portsmouth City Council - Council Tax Setting 2014/15 & Medium Term Budget Forecast 2014/15 to 2017/18	Office of Deputy Head of Finance & Section 151 Officer
Electronic Budget Monitoring Files	Financial Services Local Area Network

The recommendations set out above were:

Approved / Approved as amended / Deferred / Rejected by the Cabinet on 3rd March, 2014

Signed:

Approved / Approved as amended / Deferred / Rejected by the City Council on 18th March, 2014

Signed:

**FINANCIAL & SERVICE
PERFORMANCE**

**QUARTER 3
2013/14**

INFORMATION PACK

FINANCIAL AND SERVICE PERFORMANCE MONTH ENDING DECEMBER 2013

MONTHLY BUDGET MONITORING STATEMENT - CASH LIMIT 2013/14

PORTFOLIO City Council General Fund

BUDGET Total General Fund Expenditure

TOTAL CASH LIMIT 192,781,170

CHIEF OFFICER All Budget Holders

MONTH ENDED December 2013

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

BUDGET PROFILE 2013/14			
Budget Profile To End December 2013	Actual To End December 2013	Variance vs. Profile To December 2013	
£	£	£	%
49,871,132	45,155,127	(4,716,005)	(9.5%)
6,921,211	6,702,037	(219,174)	(3.2%)
12,133,327	11,370,875	(762,452)	(6.3%)
37,425,620	39,972,230	2,546,610	6.8%
1,728,811	1,735,054	6,243	0.4%
185,700	186,488	788	0.4%
(1,086,533)	(1,186,265)	(99,732)	(9.2%)
(4,468,207)	(4,738,941)	(270,734)	(6.1%)
18,382,465	17,889,182	(493,283)	(2.7%)
7,272,941	7,812,030	539,089	7.4%
6,500	9,414	2,914	44.8%
70,500	25,475	(45,025)	(63.9%)
609,500	587,080	(22,420)	(3.7%)
1,684,700	1,684,700	0	0.0%
10,389,073	8,435,501	(1,953,572)	(18.8%)
1,785,500	2,075,451	289,951	16.2%
142,912,240	137,715,437	(5,196,803)	(3.6%)

BUDGET FORECAST 2013/14			
Total Budget	Forecast Year End Outturn	Variance vs. Total Budget	
£	£	£	%
32,178,293	34,733,561	2,555,268	7.9%
9,029,973	9,035,383	5,410	0.1%
16,266,367	15,909,035	(357,332)	(2.2%)
49,900,843	50,056,819	155,976	0.3%
2,289,100	2,385,412	96,312	4.2%
232,900	241,000	8,100	3.5%
(1,304,273)	(1,237,302)	66,971	5.1%
(5,551,600)	(5,631,200)	(79,600)	(1.4%)
23,749,023	23,791,197	42,174	0.2%
15,871,892	16,722,886	850,994	5.4%
(116,700)	(163,809)	(47,109)	(40.4%)
201,600	185,500	(16,100)	(8.0%)
781,000	758,570	(22,430)	(2.9%)
1,141,500	1,141,500	0	0.0%
22,247,797	22,247,797	0	0.0%
25,863,455	23,718,855	(2,144,600)	(8.3%)
192,781,170	193,895,204	1,114,034	0.6%

Total Value of Remedial Action (from Analysis Below)

(1,246,994)

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

192,781,170 192,648,210 (132,961) (0.07%)

Total Transfers To Portfolio Specific Reserves

449,600

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

192,781,170 193,097,810 316,640 0.16%

Note All figures included above exclude Capital Charges

Income/underspends should be recorded in brackets and expenditure/overspends without

VALUE OF REMEDIAL ACTIONS

Item No.	Reason for Variation	Remedial Action	Value of Remedial Action
1	Children & Education		0
2	Culture, Leisure & Sport		0
3	Environment & Community Safety		0
4	Health & Social Care		0
5	Housing		0
6	Leader		0
7	PRED		0
8	Port		0
9	Resources		(396,000)
10	Traffic & Transportation		(850,994)
11	Licensing Committee		0
12	Governance, Audit & Standards Com		0
13	Levies		0
14	Insurance		0
15	Asset Management Revenue Account		0
16	Other Miscellaneous		0
Total Value of Remedial Action			(1,246,994)

Note Remedial Action resulting in savings should be shown in brackets

FINANCIAL AND SERVICE PERFORMANCE MONTH ENDING DECEMBER 2013

MONTHLY BUDGET MONITORING STATEMENT - CASH LIMIT 2013/14

PORTFOLIO	Children and Education		
BUDGET	7,149,093	Education	
	25,029,200	Children's Social Care & Safeguarding	
TOTAL CASH LIMIT	32,178,293		

CHIEF OFFICER Julian Wooster

MONTH ENDED December 2013

Risk indicator	
Low	L
Medium	M
High	H

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

BUDGET PROFILE 2013/14				
Budget Profile To End December 2013	Actual To End December 2013	Variance vs. Profile To December 2013		
£	£	£	%	
5,678,222	7,591,887	1,913,665	33.7%	
56,532,304	56,723,760	191,456	0.3%	
40,923,995	40,924,036	41	0.0%	
7,266,300	6,217,993	(1,048,307)	(14.4%)	
(84,690,306)	(88,413,866)	(3,723,560)	(4.4%)	
827,388	698,556	(128,832)	(15.6%)	
2,377,026	1,857,822	(519,204)	(21.8%)	
441,603	(6,990)	(448,593)	(101.6%)	
2,592,837	2,101,421	(491,416)	(19.0%)	
524,997	(553,564)	(1,078,561)	(205.4%)	
1,010,862	1,167,135	156,273	15.5%	
4,437,063	4,244,336	(192,727)	(4.3%)	
8,367,210	9,799,253	1,432,043	17.1%	
727,344	227,848	(499,496)	(68.7%)	
1,180,800	1,187,898	7,098	0.6%	
1,673,487	1,387,602	(285,885)	(17.1%)	

BUDGET FORECAST 2013/14					
Total Budget	Forecast Year End Outturn	Variance vs. Total Budget			RISK INDICATOR
£	£	£	%		
7,441,800	7,762,424	320,624	4.3%		
56,532,304	56,532,304	0	0.0%		L
40,923,995	40,923,995	0	0.0%		L
7,266,300	7,266,300	0	0.0%		L
(112,164,399)	(112,485,023)	(320,624)	(0.3%)		L
1,079,400	1,057,600	(21,800)	(2.0%)		L
3,132,400	3,132,400	0	0.0%		M
588,800	687,805	99,005	16.8%		H
3,457,100	3,773,960	316,860	9.2%		M
703,493	703,493	0	0.0%		M
1,333,700	1,606,556	272,856	20.5%		M
5,916,100	6,199,051	282,951	4.8%		M
11,191,800	12,786,100	1,594,300	14.2%		H
969,800	924,914	(44,886)	(4.6%)		M
1,574,400	1,897,982	323,582	20.6%		M
2,231,300	1,963,700	(267,600)	(12.0%)		M

TOTAL	49,871,132	45,155,127	(4,716,005)	(9.5%)
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Total Value of Remedial Action (from Analysis Below)

0

Total Net Forecast Outturn (after remedial action)

32,178,293	34,733,561	2,555,268	7.9%
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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 2013/14

Item No.	Reason for Variation	Variance £
5	Whilst there is an increase in the numbers of hours of early years provision, increased high needs provision and a reduction in income from schools converting to academies which together are estimated to amount to additional spending of £558,154 this will be offset by additional grant and grant brought forward from 2012/13	
6	Staff turnover savings have more than offset other staffing costs such as agency cover for specific areas	(21,800)
8	Staffing levels in this area are such that the expected savings from staff turnover are not being achieved	99,005
9	Transport requirements following September pupil intake has increased costs alongside an increased cost of the statutory assessment process, partially offset by reduced expenditure following a delay in the introduction of the new sitting service.	316,860
11	Relocation costs in respect of the teams' move into the Civic offices and agency costs in respect of cover for sickness and maternity is above expectations	272,856
12	Enhanced staffing together with increased support requirements for children with disabilities and adoption placements.	282,951
13	Although the numbers of children in care have remained largely stable, the mix of provision has seen greater numbers in high cost external residential and foster placements resulting in an over spend forecast.	1,594,300
14	There have been fewer numbers of children in remand together with negotiated reduction in some contracted services	(44,886)
15	Staffing levels in this area are such that the expected savings from staff turnover are not being achieved. There is also substantial pressure on the legal and medical costs.	323,582
16	The under spend represents reductions in staffing and operational costs	(267,600)
TOTAL PROJECTED VARIANCE		2,555,268

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 2013

MONTHLY BUDGET MONITORING STATEMENT - CASH LIMIT 2013/14			
PORTFOLIO	Culture, Leisure & Sport		
BUDGET	4,898,383	City Development & Cultural Services	
	4,131,590	Transport & Street Management - check Sarah	
TOTAL CASH LIMIT	9,029,973		
CHIEF OFFICER	Kathy Wadsworth		
MONTH ENDED	December 2013		

Risk indicator	
Low	L
Medium	M
High	H

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

BUDGET PROFILE 2013/14				
	Budget Profile To End	Actual To End	Variance vs. Profile To	
	December 2013	December 2013	December 2013	%
	£	£	£	%
1	1,945,237	1,758,674	(186,563)	(9.6%)
2	93,488	87,807	(5,681)	(6.1%)
3	(240,804)	(183,413)	57,391	23.8%
4	928,137	873,099	(55,038)	(5.9%)
5	202,797	206,934	4,137	2.0%
6	174,503	199,009	24,506	14.0%
7	217,008	234,171	17,163	7.9%
8	336,303	326,185	(10,118)	(3.0%)
9	1,659,474	1,827,316	167,842	10.1%
10	713,764	544,787	(168,977)	(23.7%)
11	316,560	347,841	31,281	9.9%
12	341,946	208,521	(133,425)	(39.0%)
13	232,798	271,106	38,308	16.5%
TOTAL	6,921,211	6,702,037	(219,174)	(3.2%)

BUDGET FORECAST 2013/14					RISK INDICATOR
Total Budget	Forecast Year End Outturn	Variance vs. Total Budget			
£	£	£	%		
2,555,105	2,487,515	(67,590)	(2.6%)	L	
142,908	138,908	(4,000)	(2.8%)	L	
(255,269)	(190,269)	65,000	25.5%	H	
1,103,600	1,103,600	0	0.0%	L	
270,508	288,008	17,500	6.5%	L	
318,817	301,317	(17,500)	(5.5%)	H	
270,797	291,797	21,000	7.8%	M	
432,313	343,313	(89,000)	(20.6%)	L	
2,182,061	2,282,061	100,000	4.6%	M	
952,019	942,019	(10,000)	(1.1%)	M	
365,375	327,375	(38,000)	(10.4%)	L	
451,071	429,071	(22,000)	(4.9%)	L	
240,668	290,668	50,000	20.8%	L	
9,029,973	9,035,383	5,410	0.1%		
	0				
9,029,973	9,035,383	5,410	0.1%		

Total Value of Remedial Action (from Analysis Below)	0
Total Net Forecast Outturn (after remedial action)	9,029,973

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 2013/14

Item No.	Reason for Variation	Variance £
1	The service has been charged external businesses for contributions for bedding plants. In addition a small amount of funding has been received from the Football foundation towards park equipment. Also selling equipment no longer needed has resulted in an additional £7,000 income. A repayment totalling £18,300 is being received in installments from English Landscapes following a previous over payment. Expenditure is being held back this year in order to offset the anticipated reduction in golf income.	(67,600)
2	Expenditure on seafront maintenance is being kept to a minimum in order to offset overspends in other areas of the service.	(4,000)
3	Poor weather conditions and a general downturn in the number of people playing golf has had an adverse impact on the number of customers visiting the golf course over this period. Income that received from green fees are significantly lower than anticipated, together with lower than expected season ticket sales.	65,000
7	Staff vacancies and the introduction of charging clients for activities organised by the Interaction Service have been used to partially fund the year 2 transformation savings approved in the City Council Budget Meeting February 2012.	21,000
8	The Windows 7 Upgrade costs of £66,000 in total have now been allocated across Cultural Services along with the unallocated year 2 transformation savings approved in the City Council Budget meeting February 2012. These were previously being held in this service area to be implemented after the Head of Service responsibility changes. Unbudgeted costs of £11,000 for the City of Culture bid have also been incurred. A recharge of management costs of £93,000 to PRED will be processed to reflect the time and cost of management support for the City Development Service which will offset overspending in other areas of the service.	(89,000)
9	The savings approved in the February 2013 budget have not been fully achieved and this pressure has been increased by the reduction in the budget of £52,000 to fund the Libraries share of the Windows 7 programme. Utility and cleaning costs are more than budgeted and there has been a reduction in the amount of income being received. Expenditure is being held back on the book fund to mitigate some of the projected overspend. The remaining overspend will be offset by the management recharge from PRED above.	100,000
10	There are staff vacancies in the service which are contributing towards the underspend. This will be used to offset the variances above.	(10,000)
11	A staff vacancy in the service is contributing towards the projected underspend.	(38,000)
12	The service has been re-organised in 2013/14 in order to deliver the transformation savings approved in February 2012. Expenditure on supplies and services has reduced as a result.	(22,000)
13	It was agreed at the beginning of the year that the existing programme of events would continue into 2013/14. In order to achieve this, budget provision has been made by reducing expenditure in other areas of Cultural Services.	50,000
TOTAL PROJECTED VARIANCE		5,400

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 2013

MONTHLY BUDGET MONITORING STATEMENT - CASH LIMIT 2013/14

PORTFOLIO Environment & Community Safety

BUDGET	1,069,851	Corporate Assets, Business & Standards
	66,900	City Development & Cultural Services
	12,787,585	Transport and Street Management
	2,342,031	Community Safety
TOTAL CASH LIMIT	16,266,367	

CHIEF OFFICER Kathy Wadsworth

MONTH ENDED December 2013

Risk indicator	
Low	L
Medium	M
High	H

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

BUDGET PROFILE 2013/14			
Budget Profile To End December 2013	Actual To End December 2013	Variance vs. Profile To December 2013	
£	£	£	%
312,261	278,744	(33,517)	(10.7%)
8,520	12,096	3,576	42.0%
10,476	10,292	(184)	(1.8%)
191,036	150,904	(40,132)	(21.0%)
92	(11,065)	(11,157)	(12127.2%)
230,474	271,203	40,729	17.7%
8,934	8,206	(728)	(8.1%)
1,658,228	1,628,414	(29,814)	(1.8%)
3,820,715	3,516,620	(304,095)	(8.0%)
727,701	658,369	(69,332)	(9.5%)
166,505	158,529	(7,976)	(4.8%)
349,806	331,602	(18,204)	(5.2%)
2,170,152	2,171,025	873	0.0%
2,997	4,705	1,708	57.0%
79,799	135,660	55,861	70.0%
58,501	50,574	(7,927)	(13.6%)
74,042	25,764	(48,278)	(65.2%)
220,519	149,484	(71,035)	(32.2%)
147,659	147,777	118	0.1%
		0	-
20,277	(18,683)	(38,960)	(192.1%)
87,660	43,261	(44,399)	(50.6%)
10,000	10,970	970	9.7%
81,800	82,049	249	0.3%
282,878	255,407	(27,471)	(9.7%)
294,701	32,353	(262,348)	(89.0%)
242,595	366,949	124,354	51.3%
0	534	534	-
603,720	623,375	19,655	3.3%
117,663	132,428	14,765	12.5%
7,622	(2,842)	(10,464)	(137.3%)
145,994	146,171	177	0.1%
TOTAL	12,133,327	11,370,875	(762,452) (6.3%)

Total Value of Remedial Action (from Analysis Below)	0
Total Net Forecast Outturn (after remedial action)	16,266,367

BUDGET FORECAST 2013/14				RISK INDICATOR
Total Budget	Forecast Year End Outturn	Variance vs. Total Budget		
£	£	£	%	
411,602	387,102	(24,500)	(6.0%)	L
33,105	33,105	0	0.0%	L
13,973	13,973	0	0.0%	L
268,652	235,302	(33,350)	(12.4%)	M
10,183	(817)	(11,000)	(108.0%)	M
315,414	364,014	48,600	15.4%	L
16,922	15,722	(1,200)	(7.1%)	L
2,529,927	2,416,221	(113,706)	(4.5%)	H
4,533,786	4,504,159	(29,627)	(0.7%)	H
1,120,654	1,013,332	(107,322)	(9.6%)	L
205,672	227,327	21,655	10.5%	L
471,318	471,318	0	0.0%	L
2,894,694	2,894,694	0	0.0%	L
4,000	4,000	0	0.0%	L
104,622	160,347	55,725	53.3%	L
91,107	87,426	(3,681)	(4.0%)	H
102,129	24,873	(77,256)	(75.6%)	M
330,679	329,343	(1,336)	(0.4%)	L
158,785	158,785	0	0.0%	L
		0	-	H
40,212	29,212	(11,000)	(27.4%)	L
66,900	66,900	0	0.0%	L
200,000	200,000	0	0.0%	L
81,800	82,049	200	0.2%	L
377,170	385,220	8,100	2.1%	L
392,935	314,598	(78,300)	(19.9%)	L
323,460	306,737	(16,700)	(5.2%)	L
0	534	500	-	L
804,960	801,100	(3,900)	(0.5%)	L
156,884	157,269	400	0.3%	L
10,163	30,991	20,800	204.7%	L
194,659	194,199	(500)	(0.3%)	L
TOTAL	16,266,367	15,909,035	(357,398) (2.2%)	

Total Value of Remedial Action (from Analysis Below)	0
Total Net Forecast Outturn (after remedial action)	16,266,367

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

FINANCIAL AND SERVICE PERFORMANCE MONTH ENDING DECEMBER 2013

MONTHLY BUDGET MONITORING STATEMENT - CASH LIMIT 2013/14

PORTFOLIO	Health & Social Care
BUDGET	49,900,843
TOTAL CASH LIMIT	49,900,843
CHIEF OFFICER	Julian Wooster
MONTH ENDED	December 2013

Risk indicator	
Low	L
Medium	M
High	H

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ITEM No.	BUDGET HEADING
1	Shared Lives Team
2	In House - Residential Care
3	Day Care
4	Learning Disabilities - Russetts/PDS/PFI (Units)
5	Portsmouth Rehabilitation and Reablement Team (PRRT)
6	Adults Social Work & Care Management (Commissioning - Fieldwork)
7	Adults Social Work & Care Management (Commissioning - Residential)
8	Adults Social Work & Care Management (Commissioning - Nursing)
9	Adults Social Work & Care Management (Commissioning - Domiciliary)
10	Adults Social Work & Care Management (Commissioning - Other)
11	Learning Disabilities Commissioning
12	Joint Commissioning (Mental Health and Substance Misuse)
13	Management, Support and Premises
14	Joint Commissioning (Other)
15	Health Improvement and Development (HIDS)
16	Supporting People
17	PCC contribution to CHC Pool
18	Sexual Health Mandatory - services
19	Sexual Health Non Mandatory - services
20	Smoking
21	Children 5-19 Programme
22	Health Checks
23	Obesity
24	Substance Misuse
25	Public Health Advice
26	Miscellaneous Public Health Services
27	European Integration Fund
28	Big Lottery
29	Chances 4 change
TOTAL	

BUDGET PROFILE 2013/14				
Budget Profile To End	Actual To End	Variance vs. Profile To		
December 2013	December 2013	December 2013		
£	£	£	%	
141,830	128,733	(13,097)	(9.2%)	
2,869,680	3,112,792	243,112	8.5%	
405,610	5,225,018	4,819,408	1188.2%	
2,113,620	2,493,826	380,206	18.0%	
776,550	484,280	(292,270)	(37.6%)	
2,343,540	2,206,797	(136,743)	(5.8%)	
(1,335,640)	(1,598,066)	(262,426)	(19.6%)	
(1,460,110)	(1,420,806)	39,304	2.7%	
(2,215,800)	(2,273,347)	(57,547)	(2.6%)	
373,050	495,155	122,105	32.7%	
(76,580)	(71,292)	5,288	6.9%	
3,486,040	3,730,246	244,206	7.0%	
303,520	1,633,345	1,329,825	438.1%	
1,093,110	1,539,023	445,913	40.8%	
838,270	854,871	16,601	2.0%	
4,556,250	4,175,251	(380,999)	(8.4%)	
23,450,410	23,723,163	272,753	1.2%	
2,371,380	2,272,619	(98,761)	(4.2%)	
118,500	106,353	(12,147)	(10.3%)	
1,058,420	817,472	(240,948)	(22.8%)	
596,010	484,503	(111,507)	(18.7%)	
315,090	156,280	(158,810)	(50.4%)	
537,840	428,523	(109,317)	(20.3%)	
3,892,540	1,762,389	(2,130,151)	(54.7%)	
134,770	37,620	(97,150)	(72.1%)	
(9,262,280)	(10,553,263)	(1,290,983)	(13.9%)	
0	(62,281)	(62,281)	-	
0	95,705	95,705	-	
0	(12,679)	(12,679)	-	
TOTAL	37,425,620	39,972,230	2,546,610	6.8%

Total Value of Remedial Action (from Analysis Below)	0
Total Net Forecast Outturn (after remedial action)	0

BUDGET FORECAST 2013/14					
Total Budget	Forecast Year End Outturn	Variance vs. Total Budget			RISK INDICATOR
£	£	£	%		
189,107	167,407	(21,700)	(11.5%)		H
3,826,239	3,761,324	(64,915)	(1.7%)		L
540,816	552,422	11,606	2.1%		M
2,818,154	2,740,782	(77,372)	(2.7%)		M
1,035,400	783,140	(252,260)	(24.4%)		H
3,124,718	2,982,400	(142,318)	(4.6%)		M
(1,780,853)	(1,907,000)	(126,147)	7.1%		H
(1,946,813)	(1,995,000)	(38,187)	2.0%		M
(2,954,403)	(3,014,500)	(60,097)	2.0%		M
497,395	425,745	(71,650)	(14.4%)		H
(102,100)	(101,751)	349	(0.3%)		L
4,648,052	4,819,169	171,117	3.7%		M
404,687	309,106	(95,581)	(23.6%)		H
1,457,481	1,515,429	57,948	4.0%		M
1,117,699	1,103,949	(13,750)	(1.2%)		L
6,075,000	6,093,900	18,900	0.3%		L
31,267,214	32,127,247	860,033	2.8%		M
3,161,845	3,082,473	(79,372)	(2.5%)		M
158,000	151,955	(6,045)	(3.8%)		M
1,411,230	1,376,514	(34,716)	(2.5%)		M
794,686	756,147	(38,539)	(4.8%)		M
420,126	355,620	(64,506)	(15.4%)		H
717,122	657,621	(59,501)	(8.3%)		H
5,190,058	5,156,530	(33,528)	(0.6%)		L
179,695	119,695	(60,000)	(33.4%)		H
(12,349,712)	(11,973,505)	376,207	(3.0%)		M
0	0	0	0.0%		L
0	0	0	0.0%		L
0	0	0	0.0%		L
TOTAL	49,900,843	50,056,819	155,976	0.3%	
		0	0		
Total Net Forecast Outturn (after remedial action)	49,900,843	50,056,819	155,976	0.3%	

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

REASONS FOR VARIATIONS AGAINST TOTAL BUDGET 2013/14

Item No.	Reason for Variation	Variance £
1	There is an ongoing review of Housing Strategy costs ahead of the approved 2014/15 saving. External advice is not being commissioned ahead of this saving although some costs are expected from the recent Housing Market Assessment.	(42,465)
12	Breaches of loans and grants conditions are less than forecast, this has resulted in a reduction in recovery of penalty repayments. New loans and grants that are offered have revised financial assessments.	30,000
13	Earlier prudent budgeting for vacant retail unit had forecast a full year void. However, as legal negotiations are still ongoing this rent continues to be paid by the previous tenant.	(11,100)
15	Private Housing enforcement and assistance projects have commenced, however due to department reorganisations they are now projected in some cases to continue into the next financial year. These projects include Landlord Accreditation, Un-Licensed gas fitters and Rogue Builders. It is anticipated that there will be no adverse affect on residents from a delayed start as good progress on impact is reported. It is expected that these projects will prove significant in providing appropriate support and protection for private housing owners and tenants which will enable housing in Portsmouth to be of sufficient long term quality.	(44,785)
18	Part year vacant post in Homecheck team currently held open ahead of the 2014/15 approved savings target.	(17,238)
21	There have been a number of legal changes within the Energy Act 2011 which has reduced eligibility, causing a reduction in the uptake of the Green Deal plans by customers. The anticipated overspend in 2013/14 is expected to be recovered through the receipt of income in the following year. The 5 year program is still anticipated to be at zero cost to the tax payer.	31,000
22	The income generated by the Additional Licensing program is less than anticipated due to landlords being given a period of 6 months in which to submit their licence applications. This 6 month period, which was not anticipated when setting the 2013/14 budget, finishes on the 27th February 2014. The anticipated overspend in 2013/14 is expected to be recovered through the receipt of the slipped income in the following year. The 5 year program is still anticipated to be at zero cost to the tax payer.	155,000
	Other variances	(4,100)
	TOTAL PROJECTED VARIANCE	96,312

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 2013

MONTHLY BUDGET MONITORING STATEMENT - CASH LIMIT 2013/14	
PORTFOLIO	Leader
BUDGET	232,900
TOTAL CASH LIMIT	232,900
CHIEF OFFICER	
MONTH ENDED	December 2013

Risk indicator	
Low	L
Medium	M
High	H

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

BUDGET PROFILE 2013/14				
Budget Profile To End December 2013	Actual To End December 2013	Variance vs. Profile To December 2013		
£	£	£	%	
700	957	257	36.7%	
0	836	836	-	
80,600	87,441	6,841	8.5%	
3,900	4,943	1,043	26.7%	
100,500	92,311	(8,189)	-8.1%	
185,700	186,488	788	0.4%	

BUDGET FORECAST 2013/14					
Total Budget	Forecast Year End Outturn	Variance vs. Total Budget			RISK INDICATOR
£	£	£	%		
1,000	1,100	100	10.0%		L
0	-	0	-		L
106,200	114,200	8,000	7.5%		L
3,500	3,500	0	0.0%		L
122,200	122,200	0	0.0%		L
232,900	241,000	8,100	3.5%		

Total Value of Remedial Action (from Analysis Below)	0
Total Net Forecast Outturn (after remedial action)	232,900

	0		
	232,900	241,000	8,100 3.5%

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 2013/14

Item No.	Reason for Variation	Variance £
3	The agreement for selling typing services to Fareham Borough Council took longer to negotiate than had been expected resulting in lower levels of income this year. In addition to this lower than forecast levels of income are being achieved from third party use of the Lord Mayors Banqueting room.	8,000
	Other minor variations over the remaining budget headings	100
TOTAL PROJECTED VARIANCE		8,100

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

Note Remedial Action resulting in savings is shown in brackets

REASONS FOR VARIATIONS AGAINST TOTAL BUDGET 2013/14

Item No.	Reason for Variation	Variance £
1	Reduction in expenditure (net of redundancy costs following the formation of the City Development Service) as a result of posts remaining vacant for much longer than originally anticipated during the transition period.	(47,000)
4	The underspend is as a result of vacant posts in the service. Income is also reduced as a result of the team having less capacity to proactively seek fee earning work.	(20,000)
7	Economic Development, Business and Standards - Additional one-off sponsorship of town centre activities and lower expenditure on Christmas lights and other seasonal events.	(44,485)
8	Enterprise Centres - upturn in occupancy levels has led to an over-recovery in income compared to budget.	(53,992)
9	PCMI Manufacturing Sales are below the original budget and the shortfall will be met within the PCMI service.	95,075
10	Employment, Learning and Skills - <i>Community Learning</i> , a staffing restructure was expected to be completed by the end of July but was subsequently finished in August. <i>Pride in Pompey</i> lost a significant external funding contract, with the funding being diverted to colleges. Further collaboration with the colleges is expected to replace this income stream but no formal agreement is expected to be in place until after April 2014.	63,000
13	Once City Council assets are declared surplus to requirements the holding and disposal costs become the responsibility of the Property Portfolio.	77,373
TOTAL PROJECTED VARIANCE		69,971

Note Remedial Action resulting in savings is shown in brackets

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

FINANCIAL AND SERVICE PERFORMANCE MONTH ENDING DECEMBER 2013

MONTHLY BUDGET MONITORING STATEMENT - CASH LIMIT 2013/14

PORTFOLIO Planning Regeneration & Economic Development (Commercial Ferry Port)

BUDGET (5,551,600)

TOTAL CASH LIMIT (5,551,600)

CHIEF OFFICER Martin Putman

MONTH ENDED December 2013

Risk indicator	
Low	L
Medium	M
High	H

ITEM No.	
	Income
1	Wharfage & Harbour Dues - Private Wharves
2	Tonnage Dues
3	Boat Dues
4	Cruise Operational Dues
5	Rents & Concessions
6	C.F.P - Operational Dues
7	- Ships Services
8	- Parking & Demurrage
9	Pilotage
10	Miscellaneous
11	Charges to Recoverable Schemes
	Total Income
	Operational Expenses
12	Direct Employee Expenses
13	Repairs & Maintenance
14	Fuel, Light, Cleaning & Water
15	Rent & Rates
16	Equipment, Furniture & Fittings
17	Uniforms
18	Other Hired & Contracted Services
19	Operating Leases
20	Use of Transport
21	Hire of Pilot Vessels
22	Recharged Works to Capital
23	Licences
	Total Operational Expenses
	Management and General Expenses
24	Direct Employee Expenses
25	Car Allowances
26	Advertising & General Office Expenses
27	Fixtures & Fittings
28	Travel, Subsistence & Conferences
29	Debt Management Expenses
30	Provision for Bad Debt
31	Subscriptions
32	Officer Recharges to Capital
33	Total Management and General Expenses
34	Total Working Expenses
	TOTAL CASH LIMIT

BUDGET PROFILE 2013/14			
Budget Profile To End December 2013	Actual To End December 2013	Variance vs. Profile To December 2013	
£	£	£	%
(1,217)	(1,259)	(42)	(3.4%)
(559,349)	(500,353)	58,996	10.5%
(58,339)	(60,760)	(2,421)	(4.2%)
(203,400)	(208,763)	(5,363)	(2.6%)
(409,904)	(447,845)	(37,941)	(9.3%)
(9,845,103)	(10,046,079)	(200,976)	(2.0%)
(495,065)	(519,859)	(24,794)	(5.0%)
(77,913)	(75,008)	2,905	3.7%
(532,669)	(526,154)	6,515	1.2%
(190,456)	(215,638)	(25,182)	(13.2%)
(25,524)	(32,160)	(6,636)	(26.0%)
(12,398,939)	(12,633,878)	(234,939)	(1.9%)
3,321,257	3,375,170	53,913	1.6%
468,671	543,251	74,580	15.9%
365,846	262,771	(103,075)	(28.2%)
1,537,127	1,533,256	(3,871)	(0.3%)
160,872	150,842	(10,030)	(6.2%)
11,863	4,589	(7,274)	(61.3%)
795,209	720,470	(74,739)	(9.4%)
8,600	102,262	93,662	1089.1%
114,179	115,495	1,316	1.2%
87,034	81,886	(5,148)	(5.9%)
(84,568)	(53,843)	30,725	36.3%
1,700	1,521	(180)	(10.6%)
6,787,790	6,837,668	49,878	0.7%
880,488	875,233	(5,255)	(0.6%)
3,686	3,029	(657)	(17.8%)
140,582	125,418	(15,164)	(10.8%)
114,485	83,162	(31,323)	(27.4%)
12,496	7,919	(4,577)	(36.6%)
0	0	0	-
0	0	0	-
26,591	13,869	(12,722)	(47.8%)
(35,386)	(51,363)	(15,977)	(45.1%)
1,142,942	1,057,268	(85,674)	(7.5%)
7,930,732	7,894,936	(35,796)	(0.5%)
(4,468,207)	(4,738,941)	(270,734)	(6.1%)

BUDGET PROFILE 2013/14				RISK INDICATOR
Total Budget	Forecast Year End	Variance vs. Total Budget		
£	£	£	%	
(1,800)	(1,800)	0	0.0%	L
(746,100)	(746,100)	0	0.0%	M
(79,900)	(79,900)	0	0.0%	L
(203,400)	(213,400)	(10,000)	(4.9%)	L
(503,100)	(545,100)	(42,000)	(8.3%)	M
(12,418,700)	(12,422,900)	(4,200)	(0.0%)	H
(703,600)	(713,600)	(10,000)	(1.4%)	H
(100,600)	(100,600)	0	0.0%	M
(656,700)	(664,700)	(8,000)	(1.2%)	M
(213,700)	(216,700)	(3,000)	(1.4%)	L
(38,300)	(38,300)	0	0.0%	L
(15,665,900)	(15,743,100)	(77,200)	(0.5%)	
4,079,900	4,087,200	7,300	0.2%	M
803,300	803,300	0	0.0%	H
548,700	548,700	0	0.0%	H
1,619,000	1,619,000	0	0.0%	M
172,900	182,900	10,000	5.8%	L
17,800	17,800	0	0.0%	L
1,135,800	1,115,800	(20,000)	(1.8%)	H
8,600	7,400	(1,200)	(14.0%)	L
155,600	159,600	4,000	2.6%	L
128,000	130,000	2,000	1.6%	M
(126,900)	(126,900)	0	0.0%	M
1,700	1,700	0	0.0%	L
8,544,400	8,546,500	2,100	0.0%	
1,177,400	1,180,900	3,500	0.3%	M
5,400	5,400	0	0.0%	L
212,700	212,700	0	0.0%	M
171,800	171,800	0	0.0%	M
17,000	15,000	(2,000)	(11.8%)	L
0	0	0	-	L
5,000	5,000	0	0.0%	L
35,500	35,500	0	0.0%	M
(54,900)	(60,900)	(6,000)	(10.9%)	M
1,569,900	1,565,400	(4,500)	(0.3%)	
10,114,300	10,111,900	(2,400)	(0.0%)	
(5,551,600)	(5,631,200)	(79,600)	(1.4%)	

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)

(5,551,600) (5,631,200) (79,600) (1.4%)

ANALYSIS OF NET PROFIT

35	Insurance	0	550	550	-	280,000	280,000	0	0.0%
36	Support Service Charges	0	0	0	-	400,000	400,000	0	0.0%
37	Impairment	0	0	0	-	750,000	750,000	0	0.0%
38	Depreciation	0	0	0	-	3,000,000	3,000,000	0	0.0%
39	IAS 19 Superannuation	0	0	0	-	100,000	100,000	0	0.0%
40	Employee Benefit Accrual	0	(46,088)	(46,088)	-	0	0	0	-
41	Purchased Leave	0	(5,718)	0	-	(7,764)	(7,764)	0	0.0%
42	Net (Profit) / Loss	(4,468,207)	(4,790,197)	(321,990)	(7.2%)	(1,029,364)	(1,108,964)	(79,600)	7.7%

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

REASONS FOR VARIATIONS AGAINST TOTAL BUDGET 2013/14

Item No.	Reason for Variation	Variance £
Income	Cruise Operational Dues are forecast to have a favourable variance of £10,000 due to an unbudgeted cruise call in March 14. Rents & Concessions are expected to have a favourable variance of £42,000 due to an end of year contract adjustment for the car parking contract. CFP Operational Dues are forecast to be above budget by £4,200 due to adverse freight figures for Brittany Ferries offset by increased freight for Condor and DFDS, adverse passenger figures for DFDS, and an increase in other dues resulting from tugs using the Port. Ships Services are expected to be above estimate by £10,000 due to the lay-by of tugs using the Port and a small amount of lay-by for DFDS. Pilotage is forecast to be above estimate by £8,000 due to pilotage acts taking place on behalf of Portsmouth Naval Base for dredging and other works in the dockyard.	(77,200)
Operational Expenses	Direct Employee Expenses are forecast to be above estimate by £7,300 due to additional pilotage acts and increased overtime due to sickness and vacant posts, partly offset by sickness half pay and the extension of a secondment. Equipment, Furniture & Fittings is forecast to have an adverse variance of £10,000 due to the need to replace the ageing VHF radio aerial. Other Hired & Contracted Services is forecast to be below budget by £20,000 due to an anticipated saving in security due to the implementation of a new security contract and the continued reduction in labour for the road sweeper.	2,100
Management and General Expenses	Direct Employee Expenses are forecast to have an adverse variance of £3,500 due to medical referee costs and an increase in IT call out activity. Travel, Subsistence & Conferences is expected to be £2,000 below budget due to a general reduction in travel undertaken. Officer Recharges to Capital is forecast to have a favourable variance of £6,000 due to officer time spent on capital schemes being higher than budgeted.	(4,500)
TOTAL PROJECTED VARIANCE		(79,600)

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 2013

MONTHLY BUDGET MONITORING STATEMENT - CASH LIMIT 2013/14

PORTFOLIO	Resources
BUDGET	23,749,023
TOTAL CASH LIMIT	23,749,023
CHIEF OFFICER	Various
MONTH ENDED	December 2013

Risk indicator	
Low	L
Medium	M
High	H

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

BUDGET PROFILE 2013/14				
Budget Profile To End December 2013	Actual To End December 2013	Variance vs. Profile To December 2013		
£	£	£	%	
115,800	120,002	4,202	3.6%	
2,684,500	2,499,374	(185,126)	(6.9%)	
0	253,459	253,459	-	
1,321,300	1,278,940	(42,360)	(3.2%)	
610,000	589,264	(20,736)	(3.4%)	
4,057,800	3,972,364	(85,436)	(2.1%)	
3,047,700	2,884,875	(162,825)	(5.3%)	
927,600	878,969	(48,631)	(5.2%)	
145,000	112,895	(32,105)	(22.1%)	
800,900	690,409	(110,491)	(13.8%)	
(200,000)	(190,264)	9,736	4.9%	
(289,100)	(289,114)	(14)	(0.0%)	
3,500	(773)	(4,273)	(122.1%)	
0	123	123	-	
(505,000)	(437,999)	67,001	13.3%	
(103,000)	(149,547)	(46,547)	(45.2%)	
1,570,100	1,544,489	(25,611)	(1.6%)	
650,000	683,999	33,999	5.2%	
1,520,000	1,395,472	(124,528)	(8.2%)	
0	0	0	-	
(53,700)	(57,815)	(4,115)	(7.7%)	
987,100	963,839	(23,261)	(2.4%)	
1,091,965	1,146,221	54,256	5.0%	

BUDGET PROFILE 2013/14					RISK INDICATOR
Total Budget	Forecast Year End Outturn	Variance vs. Total Budget			
£	£	£	%		
149,823	109,600	(40,223)	(26.8%)	M	
3,297,600	3,337,000	39,400	1.2%	M	
0	396,000	396,000	-	L	
1,693,900	1,698,900	5,000	0.3%	L	
719,200	719,200	0	0.0%	L	
5,139,500	5,053,000	(86,500)	(1.7%)	M	
4,592,400	4,542,400	(50,000)	(1.1%)	M	
1,234,100	1,192,300	(41,800)	(3.4%)	M	
284,000	261,600	(22,400)	(7.9%)	H	
1,293,600	1,293,600	0	0.0%	H	
(350,000)	(350,000)	0	0.0%	H	
(385,400)	(385,400)	0	0.0%	L	
5,000	1,500	(3,500)	(70.0%)	M	
0	100	100	-	M	
(679,200)	(729,700)	(50,500)	(7.4%)	H	
(148,600)	(117,300)	31,300	21.1%	H	
1,329,000	1,326,000	(3,000)	(0.2%)	L	
726,200	684,000	(42,200)	(5.8%)	L	
2,343,600	2,256,500	(87,100)	(3.7%)	M	
179,500	123,300	(56,200)	(31.3%)	L	
(82,400)	(79,500)	2,900	3.5%	M	
1,212,000	1,225,700	13,700	1.1%	M	
1,195,200	1,232,397	37,197	3.1%	M	

TOTAL	18,382,465	17,889,182	(583,372)	(3.2%)
Total Value of Remedial Action (from Analysis Below)				
Total Net Forecast Outturn (after remedial action)				

		(396,000)		
23,749,023	23,791,197	42,174	0.2%	
23,749,023	23,395,197	(353,826)	(1.5%)	

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 2013/14

Item No.	Reason for Variation	Variance £
2	The HR, Legal and Performance Management budget is currently forecast to be overspent due to a shortfall in predicted income within Legal services. This has arisen because there has been a shift of resources to provide support to corporate project feasibility work as opposed to fee earning work.	39,400
3	The initial investment for the Transformation Workstream Business Cases was agreed by City Council on 11th October 2011. As expenditure is incurred, a release from the Medium Term Resource Strategy reserve will be actioned to fund these costs.	396,000
6	Underspend due to holding of vacancies where possible in order to prepare for savings requirements in future years.	(86,500)
7	It is likely that Information Services will deliver an underspend of £50,000 at the end of the financial year due to a high number of leavers from the service. Although the recruitment campaign to replace these key staff is proving very successful and posts are gradually being filled, savings have been made from the vacancies. A conscious decision has been made to preserve these savings to support other pressures within the portfolio.	(50,000)
8	The underspend is due to a review of the despatch service and the impending changes to primary school meal provision. As a result of this it has been decided to delay the purchase of a replacement vehicle until after April 2014 as it is anticipated that existing school meal deliveries will change and further deliveries added to the schedule. The procurement of any vehicles will only be undertaken when the outcome of this is known. In addition to this there is a staff saving due to the proactive holding of vacant posts in order to help meet future years savings targets.	(41,800)
9	There is a staffing underspend due to the difficulty in recruiting to 3 separate posts. One of these, a 1 year project post to review the Investment Property Portfolio Assets, has now been filled and the other two posts are currently subject to a recruitment process.	(22,400)
18	The Local Welfare Assistance scheme is a limited fund that can only be used to support those in greatest need, providing help towards the funding of emergencies and exceptional expenses. Based upon the claims made to date this budget is forecast to be underspent, however, the number and value of claims could change, therefore the position will be kept under review.	(42,200)
19	Underspend due to holding of vacancies where possible in order to prepare for savings requirements in future years.	(87,100)
20	Under the non-domestic rate regulations any award of discretionary relief is now split 50:50 between the billing authority and central government. Previously the split was 75:25 so the City Council's contribution has dropped from 75% to 50% of the total amount awarded.	(42,200)
	Other minor variations over the remaining budget headings	(21,026)
	TOTAL PROJECTED VARIANCE	42,174

Remedial Action	Value of Remedial Action
The Head of Service continues to work to reduce the income shortfall by where possible diverting resources to maximise the amount of fee earning work. Any non urgent expenditure has also been frozen to the end of the financial year.	
A planned release from the MTRS Reserve will fully meet the costs of the approved Transformation Business Cases	(396,000)
TOTAL VALUE OF REMEDIAL ACTION	(396,000)

Note Remedial Action resulting in savings is shown in brackets

FINANCIAL AND SERVICE PERFORMANCE MONTH ENDING DECEMBER 2013

MONTHLY BUDGET MONITORING STATEMENT - CASH LIMIT 2013/14

PORTFOLIO Traffic & Transportation

BUDGET 15,871,892

TOTAL CASH LIMIT 15,871,892

CHIEF OFFICER Kathy Wadsworth

MONTH ENDED December 2013

Risk indicator	
Low	L
Medium	M
High	H

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

BUDGET PROFILE 2013/14			
Budget Profile To End December 2013	Actual To End December 2013	Variance vs. Profile To December 2013	
£	£	£	%
(1,730,129)	(1,261,413)	468,716	27.1%
134,153	131,651	(2,502)	(1.9%)
418,853	397,643	(21,210)	(5.1%)
2,672,260	2,636,864	(35,396)	(1.3%)
2,229,960	2,150,782	(79,178)	(3.6%)
885,208	974,807	89,599	10.1%
(39,317)	(62,899)	(23,582)	(60.0%)
3,122,361	3,218,833	96,472	3.1%
(919,718)	(951,351)	(31,633)	(3.4%)
86,680	86,653	(27)	(0.0%)
122,949	213,684	90,735	73.8%
127,680	107,028	(20,652)	(16.2%)
110,350	155,188	44,838	40.6%
51,651	14,560	(37,091)	(71.8%)
		-	
7,272,941	7,812,030	539,089	7.4%

Total Value of Remedial Action (from Analysis Below)	
Total Net Forecast Outturn (after remedial action)	

BUDGET FORECAST 2013/14				RISK INDICATOR
Total Budget	Forecast Year End Outturn	Variance vs. Total Budget		
£	£	£	%	
(2,216,887)	(1,610,226)	606,661	27.4%	H
183,124	155,016	(28,108)	(15.3%)	M
615,476	611,476	(4,000)	(0.6%)	H
8,303,537	8,303,537	0	0.0%	L
3,078,114	3,051,157	(26,957)	(0.9%)	L
1,312,610	1,452,222	139,612	10.6%	H
(47,733)	(61,767)	(14,034)	(29.4%)	M
4,164,810	4,227,931	63,121	1.5%	M
(62,147)	(91,147)	(29,000)	(46.7%)	H
118,001	117,801	(200)	(0.2%)	L
164,000	285,000	121,000	73.8%	L
149,425	149,425	0	0.0%	L
40,662	63,561	22,899	56.3%	L
68,900	68,900	0	0.0%	M
15,871,892	16,722,886	850,994	5.4%	
	(850,994)			
15,871,892	15,871,892	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 2013/14

Item No.	Reason for Variation	Variance £
1	Off Street Parking - The off street parking function continues to struggle to meet it cash limit, an increase in parking tariffs in the Seafront and District zones and a drier summer has reduced the deficit slightly	606,600
2	Costs are below budget due to lower Bikeability revenue expenditure and additional fee income generated from Student Road Safety Officers.	(28,100)
6	Consumption rates appear in line with budget, however there remains a large budget shortfall.	139,600
8	Overall concessionary fares reimbursements are higher than were budgeted.	63,100
9	Additional fee income has been achieved compared to the budget on the recharging of the Transport Planning Manager' time to capital schemes. Additionally a saving was made on the contract costs of the newly retendered subsidised bus routes. This will be factored into next years budget.	(29,000)
11	School Crossing Patrols - A saving of £200,000 was approved by the City Council in February 2013. It was the service's intention that the remaining funding would be passed out to schools who would then be responsible for providing their own school crossing patrols. However, the service has since been advised that this would require lengthy and complex consultation with each governing body at each school which in effect has meant that this saving cannot be achieved.	121,000
	Other Variances	(22,206)
TOTAL PROJECTED VARIANCE		850,994

Remedial Action	Value of Remedial Action
Transfer from Off Street Parking reserve	(850,994)
TOTAL VALUE OF REMEDIAL ACTION	(850,994)

Note Remedial Action resulting in savings is shown in brackets

FINANCIAL AND SERVICE PERFORMANCE MONTH ENDING DECEMBER 2013

MONTHLY BUDGET MONITORING STATEMENT - CASH LIMIT 2013/14

COMMITTEE	Licensing
BUDGET	(116,700)
TOTAL CASH LIMIT	(116,700)

CHIEF OFFICER Michael Lawther

MONTH ENDED December 2013

Risk indicator	
Low	L
Medium	M
High	H

ITEM No.	BUDGET HEADING
1	Licensing Committee
TOTAL	

BUDGET PROFILE 2013/14				
Budget To End December 2013	Actual To End December 2013	Variance vs. Profile To December 2013		
£	£	£	%	
6,500	9,414	2,914	44.8%	
6,500	9,414	2,914	44.8%	
Total Value of Remedial Action (from Analysis Below)				
Total Net Forecast Outturn (after remedial action)				

BUDGET FORECAST 2013/14				RISK INDICATOR
Total Budget	Forecast Year End Outturn	Variance vs. Total Budget		
£	£	£	%	
(116,700)	(163,809)	(47,109)	(40.4%)	L
(116,700)	(163,809)	(47,109)	(40.4%)	
Total Value of Remedial Action				
Total Net Forecast Outturn (after remedial action)				

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 2013/14

Item No.	Reason for Variation	Variance £
1	Additional net income arising from recent changes in legislation relating to scrap metal & motor salvage dealers which requires them to be licenced by the Local Authority from 2013/14. Previously these dealers were only required to be registered with the Local Authority. 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.	(47,100)
TOTAL PROJECTED VARIANCE		(47,100)

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 2013

MONTHLY BUDGET MONITORING STATEMENT - CASH LIMIT 2013/14

COMMITTEE Governance, Audit and Standards Committee

BUDGET 201,600

TOTAL CASH LIMIT 201,600

CHIEF OFFICER Michael Lawther

MONTH ENDED December 2013

Risk indicator	
Low	L
Medium	M
High	H

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

BUDGET PROFILE 2013/14			
Budget To End December 2013	Actual To End December 2013	Variance vs. Profile To December 2013	
£	£	£	%
40,000	31,777	(8,223)	(20.6%)
125,500	116,232	(9,268)	(7.4%)
(95,000)	(122,534)	(27,534)	(29.0%)
70,500	25,475	(45,025)	(63.9%)

BUDGET FORECAST 2013/14				RISK INDICATOR
Total Budget	Forecast Year End Outturn	Variance vs. Total Budget		
£	£	£	%	
52,300	51,300	(1,000)	(1.9%)	L
187,700	195,400	7,700	4.1%	L
(38,400)	(61,200)	(22,800)	(59.4%)	L
201,600	185,500	(16,100)	(8.0%)	

Total Value of Remedial Action (from Analysis Below)

0

Total Net Forecast Outturn (after remedial action)

201,600	185,500	(16,100)	(8.0%)
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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 2013/14

Item No.	Reason for Variation	Variance £
2	New rules on Individual Electoral Registration has placed additional strain on the budget for this area as the Authority will need to contact each household more often than usual in order to confirm the data required for this legislative change.	7,700
3	It is expected that the Registrars will deliver an underspend at the end of the financial year due 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.	(22,800)
TOTAL PROJECTED VARIANCE		(15,100)

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 2013

MONTHLY BUDGET MONITORING STATEMENT - CASH LIMIT 2013/14

PORTFOLIO Other Expenditure
BUDGET 22,247,797 Asset Management Revenue Account
TOTAL CASH LIMIT 22,247,797

CHIEF OFFICER Michael Lawther

MONTH ENDED December 2013

Risk indicator	
Low	L
Medium	M
High	H

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

BUDGET PROFILE 2013/14			
Budget To End December 2013	Actual To End December 2013	Variance vs. Profile To December 2013	
£	£	£	%
11,031,735	11,020,757	(10,978)	(0.1%)
(642,662)	(2,585,256)	(1,942,594)	(302.3%)
0		0	-
10,389,073	8,435,501	(1,953,572)	(18.8%)

BUDGET FORECAST 2013/14				RISK INDICATOR
Total Budget	Forecast Year End Outturn	Variance vs. Total Budget		
£	£	£	%	
18,448,993	18,448,993	0	0.0%	H
(3,304,540)	(3,304,540)	0	0.0%	H
7,103,344	7,103,344	0	0.0%	M
22,247,797	22,247,797	0	0.0%	

Total Value of Remedial Action (from Analysis Below)	0
Total Net Forecast Outturn (after remedial action)	22,247,797

22,247,797	22,247,797	0	0.0%
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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 2013/14

Item No.	Reason for Variation	Variance £
2	Return on investments higher than anticipated	0
3	Capital financing requirement lower than anticipated due to capital under spends in 2012/13	0
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 2013

MONTHLY BUDGET MONITORING STATEMENT - CASH LIMIT 2013/14

PORTFOLIO Other Expenditure
BUDGET 25,863,455 Miscellaneous
TOTAL CASH LIMIT 25,863,455

CHIEF OFFICER Michael Lawther

MONTH ENDED December 2013

Risk indicator	
Low	L
Medium	M
High	H

ITEM No.	BUDGET HEADING
1	Precepts
2	Portchester Crematorium
3	Compensatory Added Years & Contribution to Prior Years Pension Deficit
4	Contingency
5	Revenue Contributions to Capital
6	MMD Losses
7	Off Street Parking Reserve
8	Transfer to / (From) MTRS Reserve
9	Other Miscellaneous
10	Other Transfers to / (from) Reserves
TOTAL	

BUDGET PROFILE 2013/14				
Budget Profile To End December 2013	Actual To End December 2013	Variance vs. Profile To December 2013		
		£	%	
35,500	35,451	(49)	(0.1%)	
0	0	0	-	
0	0	0	-	
0	0	0	-	
0	0	0	-	
0	0	0	-	
1,750,000	2,040,000	290,000	16.6%	
0	0	0	-	
0	0	0	-	
0	0	0	-	
TOTAL	1,785,500	2,075,451	289,951	16.2%

BUDGET FORECAST 2013/14					
Total Budget	Forecast Year End Outturn	Variance vs. Total Budget			RISK INDICATOR
		£	%		
90,300	90,300	0	0.0%	L	
(150,000)	(150,000)	0	0.0%	L	
5,459,000	5,459,000	0	0.0%	L	
3,455,650	1,311,050	(2,144,600)	(62.1%)	H	
6,687,200	6,687,200	0	0.0%	L	
1,956,000	1,956,000	0	0.0%	L	
(548,200)	(548,200)	0	0.0%	L	
2,079,700	2,079,700	0	0.0%	L	
0	0	0	-	L	
6,833,805	6,833,805	0	0.0%	L	
TOTAL	25,863,455	23,718,855	(2,144,600)	(8.3%)	

Total Value of Remedial Action (from Analysis Below) 0

Total Net Forecast Outturn (after remedial action) 25,863,455

0

25,863,455 23,718,855 (2,144,600) (8.3%)

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

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

REASONS FOR VARIATIONS AGAINST TOTAL BUDGET 2013/14

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

Agenda Item 11

GOVERNANCE & AUDIT & STANDARDS COMMITTEE

(from 30 January 2014)

GAS

Probate Applications (Governance & Audit & Standards Committee minute 12 refers)

RESOLVED that Governance & Audit & Standards Committee recommend to council that the City Solicitor's delegation be amended by inserting the following additional delegation between paragraphs 30 and 31:

"To act in the capacity of lawful nominee of the council for the purpose of applications to the probate registry and in so doing to take such steps as shall be considered necessary to obtain a grant of representation in order to recover monies owed to the council."

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Agenda item:

Title of meeting: Governance and Audit and Standards Committee

Date of meeting: 30 January 2014

Subject: Probate Applications

Report by: City Solicitor

Wards affected: n/a

Key decision: No

Full Council decision: Yes

1. Purpose of report

To seek to obtain a council resolution to appoint the City Solicitor as lawful nominee of the council for the purpose of obtaining Grants of Representation from the Probate Registry in order to recover debts owed to the council.

2. Recommendations

That Governance and Audit and Standards Committee recommend to Council that the City Solicitor's delegation be amended by inserting the following additional delegation between paragraphs 30 and 31:

"To act in the capacity of lawful nominee of the council for the purpose of applications to the Probate Registry and, in so doing, to take such steps as shall be considered necessary to obtain a Grant of Representation in order to recover monies owed to the council."

3. Background

In cases where monies are owed to the council by the estate of a deceased debtor, the council may apply for a 'creditor's grant' from the Probate Registry in order to recover the sum owed. This would be appropriate in a case where there is no personal representative of the deceased who is willing and able to act as executor/administrator of the estate.

In the past, a resolution of full council has been sought to appoint the City Solicitor as nominee of the council for the purpose of making application to the Probate Registry on individual cases. Extension of the powers delegated to the City Solicitor would avoid the need for a resolution of full council to be passed in each case where a debt is owed.

4. Reasons for recommendations

It is considered that extending the City Solicitor's delegation in this way is consistent with the other delegations to him, namely to conduct legal proceedings on behalf of the Council, and will avoid further reports having to be brought when the occasion arises.

5. Equality impact assessment (EIA)

An Equality Impact Assessment is not required as there are no equality issues arising from the recommendations in the report.

6. Legal Implications

There is a possible, low risk that Portsmouth City Council could be held responsible for payment of any outstanding liabilities/debts owed by the estate of the deceased. In each case, Legal Services should endeavour to obtain a signed statement from each and every personal representative of the deceased setting out what, if any, outstanding liabilities/debts there are.

Provided that external solicitors are not required to assist our own Legal Services department, the only anticipated fee will be for the application to the Probate Registry, currently £45.00. In the event that an external solicitor is required, it is likely (based on the fee charged for the previous similar case) that their fee would be approximately £1,500.

7. Finance comments

There are no financial implications arising from the recommendation in this report. Any specific costs arising from individual cases will be met by the service receiving the income.

.....
Signed by: Michael Lawther, City Solicitor

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
None	N/a

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Agenda item:

Decision maker: Employment Committee
Subject: Localism Act - Pay Policy Statement
Date of decision: 10th March 2014
Report by: Jon Bell - Head of HR, Legal and Performance
Wards affected: n/a
Key decision (over £250k): n/a

1. Purpose of report

The Council is required by section 38(1) of the Localism Act 2011 (openness and accountability in local pay) to prepare a Pay Policy Statement.

A Pay Policy Statement must articulate the Council's policies towards a range of issues relating to the pay of its workforce, particularly it's senior staff, Chief Officers and its lowest paid employees.

A Pay Policy Statement must be prepared for each financial year, approved by Full Council no later than 31st March of each financial year and published on the council's website.

2. Recommendations

The Employment Committee is asked to:

- 2.1 Approve the draft Pay Policy Statement attached as **Appendix 1** to go forward for approval by the Full Council on 18th March 2014.

3. Background

3.1 Increased transparency about how taxpayers money is used, including the pay and reward of public sector staff is now a legislative requirement under section 38(1) of the Localism Act 2011. The Secretary of State published the Code of Recommended Practice for Local Authorities on Data Transparency on 29 September 2011. The code enshrines the principles of transparency and asks relevant authorities to follow these three principles when publishing the data they hold. These are as follows:

- Responding to public demand
- Releasing data in open format available for re-use; and
- Releasing data in a timely way

This includes data on senior salaries and how they relate to the rest of the workforce.

3.2 The Council must have regard to the Secretary of State guidance "Openness and accountability in local pay: Draft guidance under section 40 of the Localism Act". It is now essential that an authority's approach to pay, as set out in a Pay Policy Statement, is accessible for citizens and enables taxpayers to take an informed view of whether

local decisions on all aspects of remuneration are fair and make the best use of public funds.

Approved statements must be published on the authority's website and in any other manner that the authority thinks appropriate, as soon as reasonably practical after they have been approved by Full Council.

- 3.3 The Act also requires that authorities include in their pay policy statement, their approach to the publication of and access to information relating to the remuneration of chief officers. Remuneration includes salary, expenses, bonuses, performance related pay as well as severance payments.
- 3.4 The definition of a chief officer as set out in the Act is not limited to Heads of Paid Service or statutory chief officers. It also includes those who report directly to them.
- 3.5 The draft Portsmouth Pay Policy statement is attached as **Appendix 1**.

4. Conclusions

The Council is required by the Localism Act 2011, section 38(1) to publish a Pay Policy Statement on a yearly basis which is approved by Full Council.

5. Equality Impact Assessment (EIA)

An equality impact assessment is not required as the recommendation doesn't have a negative impact on any of the protected characteristics as described in the Equality Act 2010.

6. Legal Implications

- 6.1 The Head of HR, Legal and Performance is satisfied the Pay Policy Statement at Appendix 1 meets the legislative requirements under section 38 Pay Accountability, of the Localism Act 2011.
- 6.2 The Council is required to prepare a Pay Policy Statement for the financial year 2014/15 and each subsequent year, which sets out the policies, remuneration and other benefits of its chief officers, lowest paid employees and the relationship between its chief officers and every other officer.
- 6.3 The Pay Policy Statement must be approved by Full Council before 31st March 2014 and can only be amended thereafter by a resolution to Full Council, under s.39 (1) & (4).

7. Finance Comments

There are no financial implications arising from the recommendations contained within this report.

.....
Signed by: Jon Bell - Head of HR, Legal & Performance

February 2014

Appendices: Pay Policy Statement

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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PAY POLICY STATEMENT FOR THE FINANCIAL YEAR 2014/15

Approved by Full Council on 18th March 2014

INTRODUCTION

This policy statement has been produced in accordance with Sections 38 to 43 of the Localism Act 2011 (the Act).

The pay policy statement will be reviewed on an annual basis, and a new version of the policy will be approved before the start of each subsequent financial year, which will need to be complied with during that year.

SECTION 1: REMUNERATION OF STATUTORY AND NON-STATUTORY CHIEF OFFICERS, DEPUTY CHIEF OFFICERS, AND MONITORING OFFICER

1.1 REMUNERATION COVERED IN THIS SECTION OF THE POLICY

This section covers the Council's policies in relation to the remuneration of its senior employees, including:

- Its Chief Executive (who is its Head of Paid Service);
- The Strategic Directors, who report to and are directly accountable to the Chief Executive. These Strategic Directors fulfil the roles of statutory Chief Officers (with the exception of the Council's Section 151 Officer), non-statutory Chief Officers and Monitoring Officer;
- The Port Manager;
- The Council's Section 151 Officer, who is also a Head of Service;
- The Heads of Service who report to and are directly accountable to first tier officers; and
- The managers who report to and are directly accountable to the Port Manager.

1.2 OVERALL POLICY ON REMUNERATION FOR SENIOR ROLES

The Council's remuneration policy complies with all equal pay, discrimination and other relevant legislation.

The Council's Job Evaluation Support Scheme (JESS) is used when setting pay levels for all posts within the Council. This system is a factor-based analytical job evaluation scheme designed to measure the relative responsibilities of all jobs fairly and accurately.

1.3 THE REMUNERATION OFFERED TO SENIOR EMPLOYEE

At Chief Executive, Strategic Director, Section 151 Officer and Head of Service level (and for the Port Manager and his direct reports), the Council offers only an annual salary, access to the Local Government Pension Scheme, and the payment of a small number of allowances, details of which are set out below. No other cash benefits or benefits in kind are offered. The Council does not offer performance related payments or bonuses to its senior employees.

All are employed on PAYE taxation arrangements. However in exceptional circumstances e.g. interim appointments, an alternative form of engagement/employment may if appropriate be used.

Annual salaries

Annual salary levels for senior employees are set in accordance with the overall principles set out in section 1.4, above. At Chief Executive, Strategic Director and Head of Service level, they consist of a grade range which is determined locally by the Council. This grade range consists of a number of incremental salary points, through which employees may progress until the top of the grade is reached.

The current pay ranges are:

Chief Executive	£134,705 to £148,885
Strategic Director	£99,007 to £109,430
Port Manager	£99,007 to £109,430
Section 151 Officer	£84,863 to £93,799
Head of Service (upper band)	£84,836 to £93,799
Head of Service (middle band)	£72,740 to £80,398
Head of Service (lower band)	£66,110 to £72,581
Senior Managers	£66,110 to £72,581

Remuneration of senior employees on recruitment

The Council's policy is that any newly appointed senior employee will commence employment at the lowest pay point in the pay range for their job, other than in circumstances where it is necessary to pay at a higher point within the range in order to match the salary of their previous post with another organisation. Any decision to appoint a senior employee on a higher pay point within the relevant pay range would be made by the Members Appointment Committee.

Pay progression

Pay progression is by annual increment, payable from 1st April. Pay progression is based on the period of time the employee has served in that grade, subject to satisfactory performance.

There is no scope for accelerated progression beyond one increment per annum, or for progression beyond the top of the grade's pay range.

Pay awards

The salaries of senior employees will be increased in line with any pay increase agreed nationally in the Joint National Councils (JNCs) for Chief Executives and Chief Officers, as appropriate for the category of senior manager.

Bonuses

The Council does not pay bonuses to any of its employees.

Other Allowances and Payments

Other payments and allowances that the Chief Officers may be eligible for are detailed in Section 4 – **POLICIES COMMON TO ALL EMPLOYEES**. This includes Market Supplements, Local Government Pension Scheme (LGPS), Payments on Termination of Employment, Allowances.

Election fees

Senior Managers above Head of Service level salaries are inclusive and election fees are not paid.

Where a Head of Service acts as the Deputy Returning Officer the appropriate fee at that time is paid.

SECTION 2: REMUNERATION OF LOWEST PAID EMPLOYEES

2.1 DEFINITION OF LOWEST PAID EMPLOYEES

The definition of the “lowest-paid employees” adopted by the Council for the purposes of this statement is as follows:

The lowest paid employees within the Council are those employees who are paid on the minimum salary point of the Council’s substantive pay structure, i.e. spinal column point 1, within Band 1 of its salary scales.

The Council has had regard to guidance issued by the Local Government Association and JNC for Local Authority Chief Executives in agreeing this definition.

The current annual full-time equivalent value of this pay level, based on a 37-hour standard working week, for the financial year 2014/15 is £12,614.

The current pay range for the lowest paid employees, as defined, is £12,614 to £13,416.

SECTION 3: PAY RELATIONSHIPS

Under the provisions of the Code of Recommended Practice for Local Authorities on Data Transparency, issued by the Department for Communities and Local Government under Section 2 of the Local Government Planning and Land Act 1980, the Council is expected to publish its “pay multiple”, i.e. the ratio between the highest paid salary and the median salary of the whole of the local authority’s workforce. This multiple, for the financial year ending 31 March 2014 was 7.0.

(The median salary figure is the salary value at which 50% of the salaries which apply to the whole of the local authority’s workforce are below that value and 50% are above it. The lowest pay point in the overall salary range which has been used by the Council in calculating the median salary is that which applies to its lowest paid employees, as defined in section 2 of this pay policy statement.)

The Council considers that the current pay multiple, as identified above, represents an appropriate, fair and equitable internal pay relationship between the highest salary and the pay levels which apply to the rest of the workforce. It will therefore seek to ensure that, as far as possible, the multiple remains at its current level.

The Council also considers that the relationship between the base salaries of its highest and lowest paid employees, which is currently a ratio of 12:1, represents an appropriate, fair and equitable internal pay relationship.

SECTION 4: POLICIES COMMON TO ALL EMPLOYEES

The following elements of remuneration are determined by corporate policies or arrangements which apply to all permanent employees of the Council (including its Chief Executive, Strategic Director and Heads of Service and the lowest paid employees as defined above), regardless of their pay level, status or grading within the Council:

Market Supplements

A Market Supplement payment may be made if there is a clear business need, supported by effective market data, where a post is difficult to recruit to or to retain key members of staff, in addition to the normal reward package.

The supplement payment will be made in strict accordance with the Recruitment and Retention Policy and will be reviewed bi-annually. The full Recruitment and Retention Policy will be provided on request.

Payments on Termination of Employment

Other than payments made under the LGPS, the Council's payments to any employee whose employment is terminated on grounds of redundancy or in the interests of the efficiency of the service will be in accordance with the policy the Council has adopted for all its employees in relation to the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006. This policy (Early Termination of Employment Payments) has been published in accordance with the requirements of Regulation 7 of these regulations and is available on request.

Reimbursement of removal/relocation costs on appointment

The Council's relocation scheme is to enable financial assistance (within pre-defined limits) to be given to any employee who is required to relocate to the Portsmouth area to take up an appointment in a post deemed 'hard to fill' by the appropriate Head of Service. Full details of the policy can be provided on request.

Honoraria

The Council pays honoraria to any employee only in accordance with its corporate scheme for such payments. This scheme provides that honoraria payments may be made to any employee who undertakes exceptional additional duties unrelated to those of a higher post, for example a special project. Such payments must be approved by a Head of Service and will not normally exceed £999 per annum. The Council does not normally pay honoraria for posts graded above Head of Service level.

Acting-up/additional responsibility payments

Where employees are required to "act-up" into a higher-graded post and take on additional responsibilities beyond those of their substantive post, for a temporary/time-limited period (which must exceed 4 weeks), they may receive an additional payment in accordance with the terms of the Council's policy. The payment will be based on the percentage of the higher duties and responsibilities undertaken and on the salary that would apply were the employee promoted to the higher post. (i.e. the lowest spinal column point of the higher grade).

Standby and call out allowances

Any employee who is required to undertake standby and call-out duties will be paid at the appropriate rate and in accordance with the policy. A full copy of the policy can be provided on request.

Mileage rates

The Council compensates employees who are authorised to use their own car, motorcycle or bicycle on Council business, in accordance with the mileage rates set out by HMRC.

Subsistence allowance

The Council reimburses expenditure on meals and accommodation and any other expenses necessarily incurred by employees who have to be away from home on Council business on the basis of actual expenditure incurred. These allowance rates are set out by HMRC.

Child care (salary sacrifice scheme)

Childcare is available to all employees via the HMRC-approved salary sacrifice scheme. There is no direct subsidy towards childcare costs by the Council.

SECTION 5: DECISION MAKING ON PAY

The provisions of this pay policy statement will apply to any determination made by the Council in the relevant financial year in relation to the remuneration, or other terms and conditions, of a chief officer of the Authority and of its lowest paid employees, as defined in

this statement, The Council will ensure that the provisions of this pay policy statement are properly applied and fully complied with in making any such determination.

This pay policy statement has been approved by the Full Council of the Authority on 18th March 2014.

Any proposal to offer a new chief officer appointment on terms and conditions which include a total remuneration package of £100,000 or more, which would routinely be payable to the appointee and any benefits in kind to which the officer would be entitled as a result of their employment (but excluding employer's pension contributions), will be referred to the Full Council for approval before any such offer is made to a particular candidate.

Additionally, any severance payments over £100,000 be referred to Full Council for approval.

SECTION 6: AMENDMENTS TO THIS PAY POLICY STATEMENT

This pay policy statement relates to the financial year 2014/15.

The Council may agree any amendments to this pay policy statement during the financial year to which it relates, but only by a resolution of the full Council.

A new policy statement will be agreed by the Council in March 2015 for the financial year 2015/16.

SECTION 7: PUBLICATION OF AND ACCESS TO INFORMATION

The Council will publish this pay policy statement on its website as soon as is reasonably practicable after it has been approved by the Council. Any subsequent amendments to this pay policy statement made during the financial year to which it relates will also be similarly published.

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Agenda Item 14

SCRUTINY MANAGEMENT PANEL

(from 7 February 2014)

SMP

Consideration of notice of motion referral from Full Council concerning Transparency and Openness (Filming of meetings) (Scrutiny Management Panel minute 5 refers)

RESOLVED that the Panel recommends to Council that

- (1) the Scrutiny Management Panel welcomes the news that the Local Audit and Accountability Act 2014 received royal assent on 30 January 2014 and this will give rise to secondary legislation on specific details of how councils should allow the filming, recording and reporting of council meetings. It therefore asks that a working group of four councillors is established in approximate proportion to the groups, nominated by their groups to prepare a report on how the practicalities of this can be implemented as soon as possible by Portsmouth City Council, how the council's standing orders should be changed, consider any changes that need to be made to meeting rooms etc, any budget implications and anything else required;**
- (2) Scrutiny Management Panel notes that technology and the internet has moved very rapidly since the standing orders were last revised and asks that the working group considers how standing orders should be revised to take account of this. In the meantime it encourages chairs of meetings to allow the use of text communication devices to enable tweeting, blogging and texting etc by councillors and members of the public so long as it does not interfere with proceedings, while noting that such use under the current standing orders is at the chair's total discretion.**

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Agenda item:

Title of meeting: Full Council

Date of meeting: 18 March 2014

Subject: Consideration of notice of motion referral from Full Council concerning Transparency and Openness (Filming of meetings)

Report by: Local Democracy Manager

Wards affected: N/A

Key decision: No

Full Council decision: Yes

1. Purpose of report

The purpose of the report is to provide information to the Full Council following the Notice of Motion referral from the Council Meeting held on 10 December 2013 and its subsequent referral to the Scrutiny Management Panel.

2. Recommendations - these are provided separately via the Scrutiny Management Panel from its meeting on 7 February 2014.

3. Background

The Full Council on 10 December 2013, resolved that the issues raised in the below notice of motion be considered by Scrutiny Management Panel for report back to Council at a later date (by 18 March 2014 meeting).

"The Council supports the principles of openness and transparency and encourages filming, recording and the taking of photographs at council meetings that are open to the public. It also welcomes the use of social networking websites (such as Twitter and Facebook) and micro-blogging to communicate with people about what is happening, as it happens at council meetings.

The Council instructs the Chief Executive to prepare a report for the next Governance and Audit and Standards Committee meeting on how the terms of this motion can best be implemented."

Photographing, broadcasting and reporting

In September 2012, the Government implemented the Local Authorities (Executive Arrangements) (Meetings and Access to Information) Regulations (LAR 2012) aimed at introducing greater openness in Cabinet meetings.

However Regulation 20 (4) states that nothing in these Regulations requires a decision-making body to permit the taking of any photographs of any proceedings or the use of any means to enable persons not present to see or hear any proceedings (whether at the time or later), or the making of any oral report on any proceedings as they take place.

Subsequently, the Department for Communities and Local Government (DCLG) published a guide (applicable to Cabinet related meetings only) confirming that the intention of 2012 Executive Arrangements Regulations was to encourage openness and scrutiny of local government, which includes allowing the public to film or report on the proceedings in local authority meetings. The guide also encourages local authorities to establish guidelines for those wishing to film or report on meetings.

DCLG guidance states that the rules require councils to provide reasonable facilities for any member of the public to report on meetings. It goes on to say Councils should thus allow the filming of Councillors and Officers at meetings that are open to the public.

The Guidance advises that there can be social media reporting of meetings.

The Guidance states that the Data Protection Act does not prohibit overt filming of public meetings. Councils may reasonably ask for the filming to be undertaken in such a way that it is not disruptive or distracting to the good order and conduct of the meeting. As a courtesy, attendees should be informed at the start of the meeting that it is being filmed.

The guidance adds that Councils should adopt a policy on filming members of the public speaking at a meeting, such as allowing those who actively object to being filmed, not to be filmed, without undermining the broader transparency of the meeting.

The Secretary of State has advised that many Councils are not following the Department's Guidance, which in any event as stated only relates to Executive arrangements. Therefore the inclusion of these reporting rights for all public meetings of Councils has recently been included within legislation through the Local Audit and Accountability Act which received Royal Assent in late January 2014. **(see relevant extract below).**

Through the Act, the Secretary of State may, by subsequent Regulations, require Councils to allow persons to film, photograph or sound record any public meetings of the Council. It is assumed that the precise detail of how this would be expected to operate in practice and the inherent safeguards that would need to be in place would be addressed in those Regulations. No such Regulations have yet come into force.

Any such change will, once the detail is known, require amendments to the Council's Constitution and Standing Orders. Members may also consider it helpful to introduce a protocol for governing the filming, photographing and recording of council meetings applying to all those in attendance.

Relevant Extract from the Local Audit and Accountability Bill

"Access to local government meetings and documents

- (1) The Secretary of State may by regulations make provision for and in connection with allowing persons—
 - (a) to film, photograph or make sound recordings of proceedings at a meeting of a body to which this section applies, or of a committee or sub-committee of such a body;
 - (b) to use other means for enabling persons not present at such a meeting to see or hear proceedings at the meeting, as it takes place or later;
 - (c) to report or provide commentary on the proceedings at such a meeting, orally or in writing, so that the report or commentary is available, as the meeting takes place or later, to persons not present at the meeting.

- (2) Regulations under subsection (1) may in particular make provision—
 - (a) for allowing persons to make available to the public or a section of the public using any medium (including the internet) things produced as a result of activities within that subsection;
 - (b) about the facilities to be made available by bodies to which the regulations apply to enable persons to carry on such activities;
 - (c) about the steps to be taken by persons before carrying on such activities;
 - (d) about the circumstances in which persons may not carry on such activities, including for enabling a person specified in the regulations to prevent them from doing so in the circumstances specified in the regulations."

- 4. **Equality impact assessment (EIA)**
An equality impact assessment is not required as the recommendation does not have a negative impact on any of the protected characteristics as described in the Equality Act 2010.
- 5. **Legal Implications**
These have been taken into account In the preparation of this report.
- 6. **Finance Comments - None**

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Signed by:

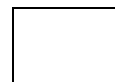
Appendices: None

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
DCLG Guidance	DCLG Website
2012 Executive Arrangement Regulations	

Agenda Item 15



Title of meeting: Governance & Audit & Standards Committee – 13 March 2014

Council – 18 March 2014

Subject: Proposed Minor Revisions to Members' Allowance Scheme

Report by: City Solicitor Portsmouth City Council

Wards Affected n/a

Key Decision No

Full Council Decision Yes

1. Purpose of report

The purpose of the report is to present the independent report and recommendations produced by the Independent Remuneration Panel (IRP) 2014, chaired by Professor John Craven

(1) For the Governance and Audit and Standards Committee to consider whether it is satisfied with the way the Independent Remuneration Panel undertook the review and

(2) For consideration and determination at Full Council.

2. Recommendations

To the Governance and Audit and Standards Committee

That Governance and Audit and Standards Committee confirms that it is satisfied with the way the Independent Remuneration Panel undertook the review

To the City Council

A. That the City Council considers and decides upon the recommendations of the Independent Remuneration Panel as set out in the Panel's report (attached as appendix 1).

Note – Having fully considered the Panel's report, the Council may choose to accept, reject or amend either or both of the recommendations or simply decide not to implement the Panel's recommendations and retain the existing members allowance scheme.

B. that the City Council's Constitution be amended as applicable and appropriate

C. that Members thank the Independent Remuneration Panel for their work in reviewing elements of the Members Allowance Scheme.

3. Background

Under the Local Authorities (Members Allowances) (England) Regulations 2003, Portsmouth City Council is required to have an Independent Remuneration Panel to review the Members' Allowances Scheme. This last took place just over a year ago.

At that time it was agreed that the Independent Remuneration Panel should be kept in place as a standing panel whose members can consider issues that arise before the next review. Under this arrangement the panel has been asked to review two elements of the scheme namely to enable (a) provision to be made for the inclusion of an interest free Bus loan scheme on the same basis as the Officers Scheme (b) changes to be made to the Dependent Carers allowance so that it is more flexible and is similar to the Local Government Association's Scheme which is based on an hourly rate rather than a fixed total annual limit.

The 2014 Independent Remuneration Panel comprised the following members as set out below:

- Professor John Craven, former Vice Chancellor - Portsmouth University (Chair);
- Mark Waldron, - Editor of The News, Portsmouth;
- Ursula Ward, Chief Executive – Portsmouth Hospital NHS Trust;
- Sue Dovey, Chief Executive - Community Action Hampshire;
- Walter Cha, Managing Director - Blake Laphorn

The business of the Panel was conducted via E-mail.

The Panel's membership will be reviewed prior to the next full review in accordance with the decision of the Governance and Audit and Standards Committee when it considered the last review.

4. Equality 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.

5. City Solicitor Comments

Legal comments are embodied within this report.

6. Head of Finance's Comments

There is no financial implication arising from extending the interest free bus loan arrangement to members. Any additional costs arising from changes to the Carer's allowance for members will be met from existing budget provision.

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Signed by:

Appendices:

Appendix 1 – Report by the Independent Remuneration Panel

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

.....
Signed by:

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Appendix 1 – Report by the Independent Remuneration Panel

Title of meeting: Governance & Audit & Standards – 13 March 2014
Full Council – 18 March 2014

Subject: Proposed Minor Revisions to Members' Allowance Scheme

Report by: Independent Remuneration Panel

1. Purpose of report

- 1.1 To outline the recommendations of the Independent Remuneration Panel (IRP) 2014.

2. Background

The 2014 Independent Remuneration Panel comprising:

- Professor John Craven, former Vice Chancellor - Portsmouth University (Chair);
- Mark Waldron, - Editor of The News, Portsmouth;
- Ursula Ward, Chief Executive – Portsmouth Hospital NHS Trust;
- Sue Dovey, Chief Executive - Community Action Hampshire;
- Walter Cha, Managing Director - Blake Laphorn

was asked to review two elements of the City Council's Members' Allowance Scheme to enable (a) provision to be made for the inclusion of an interest free bus loan on the same basis as the officer scheme and (b) changes to be made to the Dependent Carers' Allowance so that it is more flexible and is similar to the Local Government Association's Scheme which is based on an hourly rate rather than a fixed total annual limit

A. Interest-free Bus loan

The City Council has adopted policies to help staff concerned about traffic congestion, air quality and their health to make a difference. These include a number of incentives to reduce unnecessary car use including catching the bus.

The scheme includes: -

1. An interest free loan facility for a bus ticket.
2. A substantially discounted price for an annual bus pass (unlimited travel within the area for 365 days) with Stagecoach Coastline and First Hampshire.

- Currently £434.70 for Portsmouth (Stagecoach Coastline)

Appendix 1 – Report by the Independent Remuneration Panel

- Currently £623.70 for Portsmouth and Havant + (Stagecoach Coastline)
- Currently £351.00 for Portsmouth (First Hampshire all zones at weekends)
- Currently £421.00 for South-East Hampshire (inc Waterlooville, Fareham, Gosport and Southampton) (First Hampshire)

It is considered that all the above options should be available for members to choose which best meets their respective needs for the primary purpose of attending meetings/carrying out business at the council offices.

Such an arrangement should be on the same terms of eligibility criteria, annual cost, interest free loan arrangements and the associated conditions as applies to Officers. However, in respect of new or renewal season tickets, for ease of administration it is proposed that they will only be approved if the member has more than 12 months left in office.

Note - It is understood that Members may only claim travel allowance whilst on Council business outside of the City boundaries, or in extreme circumstances a taxi after 11pm within the city when no other means of transport available.

Consequently any travel allowance payable would not cover the cost of a bus season ticket.

B. Dependent Carers' Allowance

This allowance is to enable a carer employed to look after a child or an elderly relative or disabled person who normally resides with a councillor and cannot be left alone.

A carers' allowance may be paid to those members with caring responsibilities for approved duties set out in approved members allowance scheme.

The member is required to complete and sign a form and submit for approval. The form includes details of the meeting, Civic function or other approved duty, proof of costs incurred and the name of the carer or carer group. By signing the form the member is agreeing that they have incurred the claimed for costs in carrying out their relevant duties as per the members allowance scheme, relevant codes of conduct etc.

A carers' allowance is not applicable for party group meetings, canvassing or electioneering but is available for ward work, advice centres and civic functions. Reimbursement for meetings is allowed beyond the actual duration of meetings, given that care must usually be booked in advance for a fixed period

The carers' allowance will be paid towards the cost of care for close relatives for whom the member is the main or joint main carer. This applies to children, or to

Appendix 1 – Report by the Independent Remuneration Panel

elderly or disabled relatives. The allowance will not be payable to a member of the claimant's own household.

The proposed change is to delete the following element in the current scheme (if supported there would also no longer be a need for provision to be made for an ad personam increase).

"This allowance will be subject to a maximum claim of £1000 per annum per member"

and replace it with the following -

"The rate of reimbursement for carers' allowance is equivalent to the minimum wage – currently £6.19 per hour for employees over 21. This is per person cared for and is unlimited "

The change is intended to offer more flexibility than the current maximum figure of £1000 per annum .

Whilst the current scheme has not been greatly used since its introduction, it is understood to have been somewhat limiting for those that have very heavy council workloads and commitments. This proposed hourly rate approach, based on the current minimum wage, is seen as a more practical and reflective approach and brings the Council into the line with similar schemes operated by many other Councils and the Local Government Association.

3. Panel's recommendations

RECOMMENDED that the above changes in respect of the interest free bus loan and the Dependent Carers' allowance be implemented.

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Agenda Item 17



Portsmouth
CITY COUNCIL

QUESTIONS FOR THE CABINET OR CHAIR UNDER STANDING ORDER NO 17

CITY COUNCIL MEETING – 18 MARCH 2014

QUESTION NO 1

FROM: COUNCILLOR SIMON BOSHER

**TO REPLY: CABINET MEMBER FOR ENVIRONMENT AND
COMMUNITY SAFETY
COUNCILLOR SANDRA STOCKDALE**

Following the recent successful prosecution of a Chinese Takeaway, what further steps is the Cabinet Member taking to promote public confidence in takeaway establishment hygiene standards?

QUESTION NO 2

FROM: COUNCILLOR JOHN FERRETT

**TO REPLY: LEADER OF THE COUNCIL
COUNCILLOR GERALD VERNON-JACKSON**

Could the Council Leader explain under what circumstances he feels it appropriate to charge parents when their children are taken into care by the Authority?

QUESTION NO 3

FROM: COUNCILLOR LUKE STUBBS

TO REPLY: CABINET MEMBER FOR TRAFFIC AND
TRANSPORTATION
COUNCILLOR JASON FAZACKARLEY

Should a concession be offered to lifeboat volunteers granting them greater flexibility over where to park when on call?

QUESTION NO 4

FROM: COUNCILLOR JOHN FERRETT

TO REPLY: CABINET MEMBER FOR ENVIRONMENT AND
COMMUNITY SAFETY
COUNCILLOR SANDRA STOCKDALE

What immediate steps are being taken to address the concerns raised in the HMI Probation investigation report into Youth Offending work in Portsmouth?

QUESTION NO 5

FROM: COUNCILLOR LUKE STUBBS

TO REPLY: CABINET MEMBER FOR CULTURE, LEISURE AND
SPORT
COUNCILLOR LEE HUNT

Some people living by Canoe Lake find the noise from a small minority of the model boats that use the lake to be irritating and would like a restriction placed on the engine size and speed permitted. Is this something the Cabinet member will consider?