

CABINET

RECORD OF DECISIONS of the meeting of the Cabinet held on Thursday, 25 September 2014 at 1.00 pm at the Guildhall, Portsmouth

Present

Councillor Donna Jones (in the Chair)

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

75. Apologies for Absence (AI 1)

Apologies were from Councillor Rob New and the Chief Executive, David Williams.

76. Declarations of Interests (AI 2)

There were no declarations of members' interests.

77. Record of the Previous Decision Meeting - 14 August 2014 (AI 3)

There were two matters that needed to be raised from the record of decisions.

- (i) Although the record of decisions from the Cabinet meeting of 10 July had been approved, it had since been brought to the attention of the Cabinet that there needed to be a point of clarification under minute 65 relating to the Hampshire Community Bank. The Leader read out the following statement:

"In the appendix to the Hampshire Community Bank report approved by Cabinet on 10th July (page 14 of the report) Parity Trust was stated as being a partner that was supporting the creation of a local bank. Parity Trust would like it on the public record that it is not and never has been a partner of the Hampshire Community Bank and does not support this organisation in its current form."

It was further reported that this information had been provided by Local First Community Interest Company and also quoted on the "Future Solent" website but it should be placed on record that the Parity Trust are not a partner.

- (ii) Relating to minute 74, page 59 of 14 August minutes relating to site allocations document for land in Milton within Councillor Wemyss' comments he wished it to be added that he had made reference to the

previous Leader rejecting a dementia home on this site rather than at Drayton & Farlington.

RESOLVED that with these amendments the record of decisions of the Cabinet meeting held on 14 August 2014 be approved as a correct record and signed by the chair.

78. Overlord Embroidery Liaison Committee Appointment (AI 4)

DECISION:

The Cabinet reappointed the three Culture, Leisure & Sport portfolio representatives for this municipal year, to include the Cabinet Member for Culture, Leisure & Sport Councillor Linda Symes, plus Councillors Frank Jonas and Simon Boshier.

79. Treasury Management Outturn 2013/14 (AI 5)

Chris Ward presented his report which set out how the authority was performing against its prudential indicators which they remained within and against its treasury management indicators which had been exceeded in a couple of places, with good reason, such as the securing of the City Deal funding.

Councillor Donna Jones asked questions regarding the maximum net borrowing ratio and how the authority compared to similar sized unitary authorities regarding HRA borrowing and she would discuss this further with the Head of Housing Management.

DECISIONS:

RECOMMENDED to Council that the following recommendations relating to Appendices A and B of this report be approved:

Appendix A - that the following actual prudential indicators based on the unaudited draft accounts be noted:

- (a) The actual ratio of non Housing Revenue Account (HRA) financing costs to the non HRA net revenue stream of 10.3%;**
- (b) The actual ratio of HRA financing costs to the HRA net revenue stream of 12.2%;**
- (c) Actual non HRA capital expenditure for 2013/14 of £61,687,000;**
- (d) Actual HRA capital expenditure for 2013/14 of £30,110,000;**
- (e) The actual non HRA capital financing requirement as at 31 March 2014 of £267,848,000;**
- (f) The actual HRA capital financing requirement as at 31 March 2014 of £143,557,000;**
- (g) Actual external debt as at 31 March 2014 was £441,970,134 compared with £450,283,442 at 31 March 2013.**

Appendix B - That the following actual Treasury Management indicators for 2013/14 be noted:

- (a) The council's gross debt less investments at 31 March 2014 was £145,209,000;**
- (b) The maturity structure of the council's borrowing was:**

	Under 1 Year	1-2 Years	3-5 Years	6-10 Years	11-20 Years	21-30 Years	31-50 Years	41-50 Years
Actual	4%	1%	3%	5%	9%	13%	16%	49%

- (c) The Council's sums invested for periods longer than 364 days at 31 March 2014 were:**

	Actual £m
31/3/2014	108
31/3/2015	66
31/3/2016	51

- (d) The council's fixed interest rate exposure at 31 March 2014 was £247m, i.e. the Council had net fixed interest rate borrowing of £247m**
- (e) The council's variable interest rate exposure at 31 March 2014 was (£189m), i.e. the council had net variable interest rate investments of £189m.**

80. Landlords Maintenance Capital Budget (AI 6)

Kathy Wadsworth, Strategic Director, presented this report which set out a strategic approach for sustaining the landlords maintenance capital budget. Councillor Jones as Leader was pleased that through the PUSH initiatives £0.5m funding had been secured for the Portsmouth Harbour area towards listed buildings and heritage assets, some of which would be available for Portsmouth City Council controlled heritage assets. There is an overlap here between the Planning, Regeneration & Economic Development and Housing portfolios so she would encourage dialogue to ensure the most is made from PCC's assets to help with the landlords maintenance capital budget.

Discussion then took place regarding the significant reserves held by schools and the maintenance needed for these buildings: Julian Wooster, Strategic Director for Childrens Services reported there is a formula for their maintenance contribution and there would soon be a paper taken to the Schools Forum to revise this. Councillor Wemyss pointed out that the Housing Revenue Account took a 30 year approach to its maintenance programme and the Housing Department undertook work when it was most prudent and needed - this was undertaken to a high standard, which was recognised nationally. It was suggested that this methodology could be applied to other buildings held by the city council.

With regard to schools transferring to academies Councillor Young wished to stress that any school building is for the benefit of the children there and PCC have a duty of care to maintain city council schools. Julian Wooster reported that resources for capital funding is reduced to the city council when a school becomes an academy; the Education Funding Agency is then responsible for their capital funding, although the issue is that these schools will take a significant capital resource with them when they transfer to academy status.

DECISION:

The Cabinet:

- 1. Noted the shortfall in funding required to fulfil the backlog of repairs required to Portsmouth City Council's operational assets and recognises the implications of not delivering the required Priority 1 repairs.**
- 2. Agreed to consider the content of this report, as part of the capital resource allocation process.**

81. Purchase of Equity Shares in Municipal Bonds Agency (AI 7)

Chris Ward presented his report which outlined an opportunity for the city council to reduce its borrowing costs by way of an investment in the Municipal Bonds Agency and to become a founding investor. This had been well received by other local authorities. The MBA were only requesting 40% until the end of the year which would limit the authority's risk. Councillor Jones as Leader would support this initiative and recommend the investment of the £150,000.

DECISIONS:

The Cabinet agreed

- (1) That the City Council subscribes for £150,000 of ordinary shares in the Local Capital Finance Company Limited which will operate the Municipal Bonds Agency.**
- (2) That the purchase of the shares be financed from a revenue contribution to capital outlay funded from the contingency provision in the revenue budget.**

82. Budget and Performance Monitoring 2014/15 1st Quarter (to end June 2014) (AI 8)

Councillor Hugh Mason made a deputation on this item to raise concern regarding the overspending by the Children & Education portfolio and asked what remedial action was being taken to deal with this? Chris Ward responded that this was the first quarterly report until the end of June and the forecast overspend of £3.1m was fairly typical for this time in the year. He

expected there to be some managing down of the overspends for Children & Education and Adult Social Care services for which officers were looking at bringing forward ways to reduce these overspends.

Councillor Jones as Leader stressed that she was also disappointed by the overspend in Children's Services but this had been going on for a long time and the report was for the first quarter only when the Administration had only come into power in June so she would hope to see a decrease in the next quarter. The Leader was regularly meeting with the Deputy Leader, Cabinet Members and Heads of Service to discuss the key areas and had an action plan looking particularly at Looked After Children. She had been pleased to attend an excellent fostering carer event at the Spinnaker Tower the previous week to encourage recruitment of foster carers for the authority rather than the use of more expensive private agencies. It was pleasing that Phase 2 of the Troubled Families Programme would commence soon and there had been good feedback on the work of James Hill's team. The Leader was also addressing Adult Social Care issues with Julian Wooster and Councillor Jonas as part of the budget process. Councillor Stubbs wished to reiterate that Children's Services had been under pressure financially for seven years in a row and the intention was to bring this within cash limits. Councillor Young wished to reiterate the importance of recruiting foster carers for the city council for which there is a spend to save plan to encourage more local authority foster care places.

RECOMMENDED to Council that:

- 1. The contents of this report be noted, in particular the overall forecast overspend of £3,073,600 representing a variance of 1.76% against the City Council Budget (as adjusted) of £175,029,925.**
- 2. Reports are prepared setting out the options for significantly reducing or eliminating the adverse budget position presently being forecast within Children & Education, Health & Social Care and Traffic & Transportation Portfolios, including the associated impact of doing so.**
- 3. That the Council Leader works with the relevant portfolio holder to consider measures necessary to significantly reduce or eliminate the adverse budget position presently being forecast within Children & Education, Health & Social Care and Traffic & Transportation Portfolios and any necessary decisions presented to a future meeting of the relevant portfolio.**

The meeting concluded at 1.40 pm.

Councillor Donna Jones
Leader of the Council