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Portsmouth City Council

A MEETING OF THE COUNCIL will be held at the Guildhall, Portsmouth on Tuesday 13 October 2015, commencing at 2.05pm (or immediately following the conclusion of the extraordinary meeting if later) 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** (Pages 1 - 14)
 - the Meeting of the Council held on 7 July 2015
- 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.**
- 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 **Review of Political Proportionality on Committees and Panels** (Pages 15 - 18)

To consider the Chief Executive's attached report.
- 9 **Retaliatory Evictions - Response to notice of motion - Deregulation Act 2015 and the implications to the private rented sector (Housing Cabinet Minute Number 15, meeting of 14 July 2015)** (Pages 19 - 26)

The Head of Property and Housing's report (attached) was in response to a Notice of Motion referred by Council on 17 March to the Cabinet Member for Housing. The Housing Cabinet Member response is as follows.

The Cabinet Member for Housing:

 - (1) **Agreed to use Flagship to highlight and publicise legislative changes designed to prevent retaliatory evictions.**
 - (2) **Asked officers to work with tenants and landlords to practically implement the changes and improvements to tenants' rights on retaliatory evictions when they become law on 1st October 2015.**

(3) Asked that the use of this legislation be reviewed by the Cabinet Member for Housing or by a scrutiny panel, as soon as practicable after 1 October 2016.

10 Fares on Buses in Portsmouth - Response to Notice of Motion - (Traffic & Transportation minute 39 refers) (Pages 27 - 34)

To receive and consider the attached recommendations of the Cabinet Member of Traffic & Transportation held on 23 September 2015, the report of the Director of Transport, Environment & Business Support is also attached.

11 Treasury Management Outturn 2014/15 (Cabinet Minute 58 refers) (Pages 35 - 60)

To receive and consider the attached recommendations of the Cabinet held on 24 September 2015, the report of which is also attached.

12 Revision of Investment Strategy and Treasury Management Monitoring Report for the First Quarter of 2015/16 (Cabinet Minute 59 refers) (Pages 61 - 80)

To receive and consider the attached recommendations of the Cabinet held on 24 September 2015, the report of which is also attached.

13 Revenue Budget Monitoring Quarter 1 (Cabinet Minute 60 refers) (Pages 81 - 112)

To receive and consider the attached recommendations of the Cabinet held on 24 September 2015, the report of which is also attached.

14 Ethical Care Charter - Response to Notice of Motion (Cabinet minute 53 refers) (Pages 113 - 122)

To receive and consider the attached recommendations of the Cabinet held on 24 September 2015, the report of which is also attached.

15 St George's Day Celebration - Response to Notice of Motion (Cabinet minute 54 refers) (Pages 123 - 130)

To receive and consider the attached recommendations of the Cabinet held on 24 September 2015, the report of which is also attached.

16 The Administration's handling of the Emirates Tower Deal - Response to Notice of Motion (Cabinet minute 55 refers) (Pages 131 - 134)

To receive and consider the attached response of the Cabinet held on 24 September 2015.

17 Notices of Motion

(a) Devolving Planning Powers to Portsmouth

**Proposed by Councillor Matthew Winnington
Seconded by Councillor Darren Sanders**

Portsmouth is highly densely populated with a large number of

conservation areas so has a need to control what is built where to continue to have a city that residents can be proud of. It is with dismay that Portsmouth residents see planning decisions taken by their democratically elected representatives overturned by unelected central government officials time and time again.

Therefore:

- 1) This Council believes that planning decisions made locally by the Portsmouth City Council Planning Committee should not be able to be overturned by the unelected officials of the Planning Inspectorate.
- 2) Any appeals against planning permission refusal should be heard locally by councillors not involved in the original Planning Committee decision.
- 3) To attain the above this Council calls on a letter to be sent to the Secretary of State for Communities and Local Government and the Minister for Portsmouth asking for these powers to be devolved from Central Government to Portsmouth City Council and therefore give our City and its people full responsibility and final say over future development in Portsmouth.

(b) Guildhall Walk Healthcare Centre

**Proposed by Councillor Alicia Denny
Seconded by Councillor Lynne Stagg**

The city council wishes to recognise the high standards of professional skill and attention which are shown to all patients of the Guildhall Walk Healthcare Centre and that it is concerned at proposals by Portsmouth Clinical Commissioning Group (CCG) to close this centre of excellence.

While appreciating the CCG's wish for more efficient use of its community premises and services, and in no way criticising the work done at St Mary's Treatment Centre, the greater good of all residents of Portsmouth, particularly those who are disadvantaged, would be better served by increasing the number of places in the city where appropriate medical treatment can be obtained rather than reducing them.

The council urges all patients and those likely to be affected by the proposed closure of Guildhall Walk Healthcare Centre to make their views known to the CCG before a final decision is made.

**(c) Proposed by Councillor John Ferrett
Seconded by Councillor Donna Jones**

This Council welcomes efforts by the administration to find properties within the city where looked-after children can be better integrated with the community. It is particularly important that those children

who are shortly to exit the care of the council are able to live in an environment which enables them to learn and exhibit greater self-reliance. This is vital in enabling looked-after children to prepare for life outside of the care of the council.

Councillors, as Corporate Parents must ensure they are always working with the very best interests of the looked after children in mind. It is essential that councillors ensure looked-after children can integrate seamlessly within the local community. Therefore, this council gives an unequivocal commitment to Portsmouth's looked-after children that it will continue to explore how best they can be accommodated and integrated within the local community.

**(d) Proposed by Councillor Luke Stubbs
Seconded by Councillor Steve Wemyss**

Since 2000 Portsmouth has been designated as a cluster area for the dispersal of asylum seekers. The intent of this policy was to lower the pressure on London and on those areas with the largest international ports - notably Kent. However while this has worked to some extent, it has done so by simply shifting many of those same pressures elsewhere.

In the first quarter of this year fully 43% of the asylum seekers housed in the south east of England were housed in Portsmouth. While their accommodation and support costs are met by the Home Office, the costs of looking after unaccompanied minors and of providing additional school places falls on the local authority and are only partially reimbursed by central government.

Portsmouth City Council will face some difficult choices as part of the 2016/7 revenue budget. Meanwhile despite substantial investment in the capital programme to create new school spaces in both the primary and secondary sectors most city schools will remain at or near capacity.

This council acknowledges the chaotic and dangerous conditions that exist for civilians in Syria and elsewhere. It supports efforts by the government to provide aid to those displaced by violence. However it is concerned that any addition to the number of asylum seekers housed in the city will put an undue strain on already stretched local services. It therefore asks the Chief Executive to write to the Home Secretary requesting that Portsmouth be removed from the list of cluster areas.

18 Questions from Members under Standing Order No 17. (Pages 135 - 136)

David Williams
Chief Executive

Members of the public are now permitted to use both audio visual recording devices and social media during this meeting, on the understanding that it neither disrupts the meeting or records those stating explicitly that they do not wish to be recorded. Guidance on the use of devices at meetings open to the public is available on the Council's website and posters on the wall of the meeting's venue.

Full Council meetings are digitally recorded.

Civic Offices
Guildhall Square
PORTSMOUTH
5 October 2015

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Agenda Item 2

7 July 2015

1

MINUTES OF A MEETING OF THE COUNCIL held at the Guildhall
Portsmouth on Tuesday, 7 July 2015 at 2.00 pm

Council Members Present

The Right Worshipful The Lord Mayor
Councillor Frank Jonas (in the Chair)

Councillors

Dave Ashmore	Lee Hunt
Simon Boshier	Donna Jones
Jennie Brent	Ian Lyon
Ryan Brent	Hugh Mason
Yahiya Chowdhury	Gemma New
Alicia Denny	Robert New
Ben Dowling	Stuart Potter
Ken Ellcome	Will Purvis
John Ferrett	Darren Sanders
Ken Ferrett	Lynn Stagg
Margaret Foster	Sandra Stockdale
David Fuller	Luke Stubbs
Colin Galloway	Julie Swan
Paul Godier	Linda Symes
Aiden Gray	David Tompkins
Scott Harris	Gerald Vernon-Jackson
Stephen Hastings	Steve Wemyss
Hannah Hockaday	Matthew Winnington
Suzy Horton	Neill Young

57. Declaration of Interests under Standing Order 13(2)(b)

Councillor Will Purvis declared a pecuniary interest in notice of motion (g) and also in question 3 in that he is employed by a developer and would leave the chamber for those items.

Councillor Luke Stubbs declared a pecuniary interest in question 3 in that he lives in an adjacent property and would leave the chamber for that item.

58. Minutes of the Annual Meeting and the Adjourned Meeting of the Council held on 19 May 2015

It was

Proposed by Councillor Donna Jones

Seconded by Councillor Gerald Vernon-Jackson

That the minutes of the annual meeting and the adjourned meeting of the council held on 19 May 2015 be confirmed and signed as a correct record.

RESOLVED that the minutes of the annual meeting and the adjourned meeting of the council held on 19 May 2015 be confirmed and signed as a correct record.

59. Communications

Apologies for absence had been received on behalf of Councillor Phil Smith, Councillor Lee Mason and Councillor Rob Wood.

The Lord Mayor advised that today's meeting is being filmed. He said that this followed recent changes to allow the public to film and record council meetings and is also a demonstration of the council's strong desire for openness. He advised that a fixed location camera had been placed in the chamber for this council meeting initially on a pilot basis with the intention of filming the proceedings and web streaming the recording. The camera has been positioned so as not to visually record any members of the public who may be in attendance at the meeting.

The Lord Mayor advised of a change in group membership. He said that the Chief Executive had received formal notification that Councillor Stockdale has joined the Conservative Group. The circulated seating plan has been changed to reflect this.

The Lord Mayor then invited the Leader of the Council, Councillor Donna Jones to make a statement.

The Leader first welcomed Councillor Stockdale to the Conservative Group. The Leader then made a statement about scrutiny saying that although it had been identified as a saving during the budget process, the Administration recognised that scrutiny formed an important part in policy development and holding the executive to account. She said that in the interests of openness and transparency she wished to retain scrutiny but enhance its focus. To that end she advised she would have regular meetings with the chair of the Scrutiny Management Panel, Councillor Steve Hastings with a view to ensuring they were effective and gave value for money. She understood that Councillor Hastings would be meeting with all the panel chairs to emphasise the policy and development role of scrutiny. In response to a question she further advised that savings had been made available by giving one cabinet member, Councillor Luke Stubbs, two portfolios for which he receives a single responsibility allowance.

60. Deputations from the Public under Standing Order No 24

The City Solicitor advised council that five deputation requests had been received.

Mr Michael Andrewes made deputations in respect of agenda item 12 - Animal Welfare - Notice of Motion Referral, agenda item 13 - Developing Proposals for Devolved Powers and Responsibilities, agenda item 16(e) - Budget - and agenda item 16(h) - Fracking.

Mr Jon Woods made a deputation in respect of agenda item 16(a) - The Commitments of the Ethical Care Charter.

The City Solicitor thanked members of the public for their deputations.

61. Questions from the Public under Standing Order 25

There were no questions from the public.

62. Appointments

The Lord Mayor advised that he had been notified of the appointment of Councillor Aiden Gray as an additional standing deputy for the Labour Group on the Governance & Audit & Standards Committee.

RESOLVED that Councillor Aiden Gray be appointed as standing deputy for the Labour Group on the Governance & Audit & Standards Committee.

63. Urgent Business under Standing Order No 26

There was no urgent business.

64. Cabinet Recommendations from its meetings on 11 June 2015 and 3 July 2015

The following minutes were approved unopposed:

Minute 32 - Isle of Wight Ferry Terminal re Notice of Motion Referral

Minute 37 - Dunsbury Hill Farm (part exempt)

Minute 43 - Friendship Agreement with Zhuhai - Notice of Motion Referral

Minute 44 - Animal Welfare - Notice of Motion Referral

The following minutes were opposed:

Minute 45 - Property Investment Strategy 2015/16 to 2019/20

It was

Proposed by Councillor Donna Jones

Seconded by Councillor Luke Stubbs

That the recommendations contained in the report by the Director of Property in paragraph 2.2 be agreed.

As an amendment it was

Proposed by Councillor Hugh Mason

Seconded by Councillor Will Purvis

To amend 2.1.iii to include opposition spokespeople for PRED.

The amended section to read:

"Agrees to give delegated authority to the Director of Property and the Director of Finance and Section 151 officer, taking advice from the City Solicitor and in consultation with the Leader of the Council and *the Cabinet Member and Opposition spokespeople for PRED*, to approve the completion of investment purchases. This to be conditional upon the City Council approving the budget pursuant to 2.2 below."

Following debate, upon the amendment standing in the name of Councillor Hugh Mason being put to the vote, this was LOST.

Upon the original recommendation set out in paragraph 2.2 of the report being put to the vote, this was CARRIED.

RESOLVED that the recommendations set out in paragraph 2.2 of the report be agreed.

Minute 46 - Developing Proposals for Devolved Powers and Responsibilities

It was

Proposed by Councillor Donna Jones
Seconded by Councillor Luke Stubbs

That the recommendations contained in the report from the Chief Executive be presented to full council for noting.

As an amendment it was

Proposed by Councillor Darren Sanders
Seconded by Councillor Hugh Mason

To add new paragraph 2.2 as follows:

"Cabinet is also asked to consider agreeing the following:

- It will oppose any proposal that contains an elected Mayor for the wider Hampshire area
- It will seek the consent of the people of Portsmouth before agreeing to any proposal for a combined authority that takes existing powers away from Portsmouth City Council"

Following debate, upon being put to the vote the amendment standing in the name of Councillor Darren Sanders was LOST.

Upon being put to the vote the proposal to note the recommendations set out in paragraph 2.1 of the report from the Chief Executive were CARRIED unanimously.

RESOLVED that the recommendations set out in 2.1 of the report be noted.

65. Governance & Audit & Standards Committee Recommendations from its meeting held on 26 June

The following minute was approved unopposed:

Minute 47 - Planning Code of Conduct

The following minute was opposed to allow for a short debate around the appeal process.

Minute 43 - Changes to the Designated Independent Person Dismissal Procedures.

(The Chief Executive, the s151 Officer and the Monitoring Officer left the Chamber for the duration of this item).

Following debate, it was

Proposed by Councillor Simon Boshier
Seconded by Councillor Ian Lyon

That the recommendations contained in Minute 43 be adopted.

Upon being put to the vote this was CARRIED.

RESOLVED that Full Council agrees that the Officers' Employment Procedure Rules in Part 3D of the Constitution be amended to reflect the change in process. The proposed changes are attached as Appendix 1 of the report.

66. Notices of Motion

Notice of Motion (a) - The Commitments of the Ethical Care Charter

It was

Proposed by Councillor Gerald Vernon-Jackson
Seconded by Councillor Lynne Stagg

That this notice of motion be debated today. Upon being put to the vote this was LOST.

RESOLVED that Notice of motion (a) as set out on the agenda be not debated today but referred to Cabinet for consideration.

Notice of Motion (b) - Spinnaker Tower

It was

Proposed by Councillor Steve Hastings
Seconded by Councillor Linda Symes

That notice of motion (b) as set out on the agenda be debated today. Upon being put to the vote this was CARRIED.

It was

Proposed by Councillor Steve Hastings
Seconded by Councillor Linda Symes

That notice of motion (b) as set out on the agenda be adopted.

As an amendment it was

Proposed by Councillor Hugh Mason
Seconded by Councillor Will Purvis

"That the words following 'hard work in' be deleted and replaced with the following: "seeking offers of sponsorship for the Spinnaker Tower but deplores the final decision made by the portfolio holder."

As an amendment to the notice of motion it was

Proposed by Councillor Gerald Vernon-Jackson
Seconded by Councillor Ben Dowling

That the following be added as a second sentence:

"Recognising, however, that painting of the Spinnaker Tower is not a matter for advertising consent or part of the Emirates deal, Cabinet are recommended to retain white as the colour for the structure of the Tower, to retain its iconic image."

In light of comments made during debate Councillor Vernon-Jackson wished to withdraw the amendment standing in his name. The Local Democracy Manager advised that in order to withdraw an amendment once it had been proposed and seconded it was necessary for full council to take a vote not to consider the amendment. Upon being put to the vote it was AGREED that the amendment be withdrawn.

Recorded votes on this notice of motion were requested by eight members standing. Upon the amendment standing in the name of Councillor Hugh Mason being put to the vote the following members voted in favour:

Councillor Ashmore
Councillor Dowling
Councillor Foster
Councillor Fuller
Councillor Horton
Councillor Hunt

Councillor Hugh Mason
Councillor Purvis
Councillor Sanders
Councillor Stagg
Councillor Winnington

The following members voted against:

Councillor Boshier	Councillor Jones
Councillor Jenny Brent	Councillor Lyon
Councillor Ryan Brent	Councillor Gemma New
Councillor Choudhury	Councillor Rob New
Councillor Denny	Councillor Potter
Councillor Ellcome	Councillor Stockdale
Councillor John Ferrett	Councillor Stubbs
Councillor Ken Ferrett	Councillor Swan
Councillor Galloway	Councillor Symes
Councillor Gray	Councillor Tompkins
Councillor Harris	Councillor Vernon-Jackson
Councillor Hastings	Councillor Wemyss
Councillor Hockaday	Councillor Young

The following member abstained:

Councillor Godier

The amendment standing in the name of Councillor Hugh Mason was LOST.

Upon the original notice of motion as set out on the agenda being put to the vote the following members voted in favour:

Councillor Boshier	Councillor Hockaday
Councillor Jenny Brent	Councillor Jones
Councillor Ryan Brent	Councillor Lyon
Councillor Choudhury	Councillor Potter
Councillor Denny	Councillor Gemma New
Councillor Dowling	Councillor Rob New
Councillor Ellcome	Councillor Sanders
Councillor John Ferrett	Councillor Stagg
Councillor Ken Ferrett	Councillor Stockdale
Councillor Foster	Councillor Stubbs
Councillor Fuller	Councillor Swan
Councillor Galloway	Councillor Symes
Councillor Godier	Councillor Tompkins
Councillor Gray	Councillor Vernon-Jackson
Councillor Harris	Councillor Wemyss
Councillor Hastings	Councillor Young

The following members voted against:

Councillor Ashmore
 Councillor Horton
 Councillor Hunt
 Councillor Purvis
 Councillor Winnington

The following member abstained:

Councillor Hugh Mason

The notice of motion was therefore CARRIED.

RESOLVED that the council expresses its thanks to our communication and marketing team for their hard work in securing an offer of sponsorship for the Spinnaker Tower.

Council adjourned at 5.40 pm.

Councillor resumed at 5.50 pm.

Notice of Motion (c) - St George's Day

It was

Proposed by Councillor Colin Galloway
Seconded by Councillor Stuart Potter

That this notice of motion be debated today.

Upon being put to the vote this was LOST.

RESOLVED that Notice of Motion (c) as set out on the agenda be not debated today but referred to Cabinet for consideration.

(The Leader of the Council said that the reason for not debating this matter today was that the administration would simply progress this.)

Notice of Motion (d) - King Richard's School

It was

Proposed by Councillor John Ferrett
Seconded by Councillor Aiden Gray

That the notice of motion be debated today.

Upon being put to the vote this was CARRIED.

Council adjourned at 6.00 pm (fire alarm).

Council resumed at 6.40 pm.

It was

Proposed by Councillor John Ferrett
Seconded by Councillor Aiden Gray

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

Upon being put to the vote this was CARRIED unanimously.

RESOLVED that

this Council welcomes the decision to rebuild King Richard's School. However, the failure by central government to provide sufficient funding to build a school of the size required by the local community is extremely worrying. Indeed, it would appear an absurdity to spend up to £9 million on a new building which will then not be able to accommodate all the children in Paulsgrove who need a secondary school place.

The council's position has been made clear to its own Corporate Projects Board, in that a school of 900 places will be of an insufficient size. Furthermore, it could lead to Portsmouth City Council being unable to deliver upon its statutory duty in respect of the provision of secondary school places. Despite this central government has still refused to release the necessary funding required.

This council calls upon the Council Leader to write to the Minister for Portsmouth and ask that he intervene in this matter and secure the necessary funding from central government to enable the appropriate number of school places to be provided at the new King Richard's school.

Notice of Motion (e) - Budget

It was

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

That the notice of motion be debated today.

Upon being put to the vote this was CARRIED.

It was

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

That notice of motion (e) as set out on the agenda be adopted.

As an amendment it was

Proposed by Councillor Steve Wemyss
Seconded by Councillor Linda Symes

To delete the second paragraph and replace it with:

"This city council places on record its recognition of the Liberal Democrat party for having been an active and willing part of the previous government. It also notes that as part of that Government it actively assisted and promoted the policies that led to the outcomes outlined in paragraphs 1 to 5 which follow."

Upon being put to the vote the amendment standing in the name of Councillor Steve Wemyss was CARRIED. Upon the substantive notice of motion being put to the vote this was CARRIED.

RESOLVED that the City Council recognises that there will be a budget on the 8th July. The City Council recognises that there may well be decisions in the budget that affect local families and wishes to record its view.

This city council places on record its recognition of the Liberal Democrat party for having been an active and willing part of the previous government. It also notes that as part of that Government it actively assisted and promoted the policies that led to the outcomes outlined in paragraphs 1 to 5 which follow.

- 1. Everyone now recognises that problems in the NHS have been made much worse by the huge cuts in social services for the elderly and for those with disabilities. The 40% cut to council's grants have pushed many councils including Portsmouth into making cuts to social services. These cuts have gone as far as they can do without real problems being caused to social services and to the NHS so we hope that council budgets will be protected.**
- 2. Support for families on low pay and for people with health and disability problems should be protected from cuts. Portsmouth has a high level of families who work hard but are on low incomes. We also have people with real problems with their health and their disabilities. We hope that these families are protected from additional cuts that can make a huge difference to their lives.**
- 3. Police budgets have been significantly cut and we hope that this does not continue. In Portsmouth now on some evenings we have just a handful of Police to look after the city. Further cuts would put even this limited cover at risk.**
- 4. We are really pleased that schools budgets will be protected, but access to sixth form and university education is the route to bring families out of poverty and to drive the economy of this country and this country forward. Cuts to maintenance grants to students from the poorest families in Portsmouth and to further education colleges will hurt those who can bring their families out of poverty and bring the country highly skilled workers that this country desperately needs. Cuts here will hurt our economy and mean that the UK will have to import more workers from abroad to fill these skilled jobs.**

- 5. Defence and the Royal Navy are an essential part of the economy of Portsmouth. The cut of £500 million from this year's budget is not good for the Navy. It is the cost of a whole new frigate. Any further cuts to the Navy will be bad for Portsmouth and for the UK.**

Notice of Motion (f)

It was

Proposed by Councillor Lee Hunt
Seconded by Councillor Ben Dowling

That this notice of motion be debated today.

Upon being put to the vote this was LOST. The Leader of the Council proposed that the motion be referred to Cabinet and this was agreed.

RESOLVED that Notice of Motion (f) as set out on the agenda be not debated today but referred to Cabinet for consideration.

Notice of Motion (g)

The Lord Mayor advised that this notice of motion could not be debated today as it was caught by the six month rule in that a very similar notice of motion had been brought to council at the meeting in January 2015.

Notice of Motion (h) - Fracking

It was

Proposed by Councillor Hugh Mason
Seconded by Councillor Darren Sanders

That notice of motion (h) be debated today.

Upon being put to the vote this was CARRIED.

It was

Proposed by Councillor Hugh Mason
Seconded by Councillor Darren Sanders

That notice of motion (h) as set out on the agenda be adopted.

As an amendment it was

Proposed by Councillor Luke Stubbs
Seconded by Councillor Donna Jones

To retain first paragraph.

Delete and replace second paragraph with:

Council further notes that any policy on the regulation of fracking has to be consistent with the National Planning Policy Framework and its associated guidance notes, as such where fracking can be shown to be sustainable development it must be positively planned for and there is a presumption in favour of the granting of planning consent except in national parks and the green belt.

Council therefore notes that whatever the merits of fracking, no local authority can adopt a planning policy to prohibit it.

Council also puts on record its support for the principle of the joint development of Minerals and Waste planning documents with both Hampshire County Council and Southampton City Council thus reducing costs.

Upon being put to the vote the amendment standing in the name of Councillor Luke Stubbs was CARRIED.

Upon the substantive notice of motion being put to the vote this was CARRIED.

RESOLVED that council notes that the recently published draft supplementary planning document on oil and gas development in Hampshire (June 2015) reiterates a policy statement, from the Hampshire Minerals and Waste Plan, that "there will be a presumption in favour of sustainable oil and gas developments unless material considerations indicate otherwise" (p54). Council also notes the recent report of the House of Commons Environmental Audit Committee on the Environmental Risks of Fracking (HC 856 - January 2015) which recommended a moratorium on hydraulic fracturing (fracking) as a method for oil extraction.

Council further notes that any policy on the regulation of fracking has to be consistent with the National Planning Policy Framework and its associated guidance notes, as such where fracking can be shown to be sustainable development it must be positively planned for and there is a presumption in favour of the granting of planning consent except in national parks and the green belt.

Council therefore notes that whatever the merits of fracking, no local authority can adopt a planning policy to prohibit it.

Council also puts on record its support for the principle of the joint development of Minerals and Waste planning documents with both Hampshire County Council and Southampton City Council thus reducing costs.

67. Forward Plan Omission Report - Spinnaker Tower

Council noted that owing to the urgent decision that needed to be taken at the meeting of the Planning, Regeneration & Economic Development portfolio on

5 June, it was not possible to include the item within the normal forward plan process and the usual omission procedure therefore had to be followed.

68. Questions from Members under Standing Order No 17

There were six questions before council.

Question No 1 was from Councillor Julie Swan

"In the full Council meeting of October 14th 2014 it was stated that Library Services brought in 30 people under the workfare scheme.

How many of these people gained direct employment with Portsmouth City Council as a result?"

This was answered by the Leader of the Council, Councillor Donna Jones.

Question No 2 was from Councillor Ben Dowling

"What in-year savings will you be bringing forward to account for the cut in the council's public health budget announced by the Chancellor of the Exchequer in early June 2015?"

This and a supplementary question was answered by the Cabinet Member for Health & Social Care, Councillor Luke Stubbs.

Question No 3 was from Councillor Colin Galloway

"Firstly let me say how pleased I am that the Leader of the Administration showed Portsmouth what real democracy is when she listened to the local people who were so incensed by the original Emirates décor of our Spinnaker Tower that she eventually opted for the people's choice. I would like the Council to listen to the very same people of Portsmouth and act upon their choice when we understand the utmost resentment, anger and objection to that hideous carbuncle of a building due to be erected by McCarthy Stone on the old Savoy site opposite the South Parade Pier. Consequently I would like the Chair of the Planning Committee to give an undertaking to call for an officer report to be considered by his Committee to explore whatever avenues are available to overturn the Bristol Planning Inspectorate's bludgeoning decision to permit the fabrication of this vile folly."

This and supplementary questions were answered by the chair of the Planning Committee, Councillor Aiden Gray.

Question No 4 was from Councillor Matthew Winnington

"Would the Cabinet member update us on the use of places at the Royal Albert Day Centre for the Elderly?"

This and supplementary questions were answered by the Cabinet Member for Health & Social Care, Councillor Luke Stubbs.

Question No 5 was from Councillor Darren Sanders

"How much did the Council receive in its bid to the Care & Support Specialised Housing Fund for a new dementia care home in Milton?"

This was answered by the Cabinet Member for Health & Social Care, Councillor Luke Stubbs.

Question No 6 was from Councillor Lynne Stagg

"When will Portsmouth City Council be receiving back the £35,000 from the Langstone Harbour Board that was paid as a precept last year, now that the Board has declared a £77,000 surplus on their trading for last year?"

This was answered by the Cabinet Member for Planning, Regeneration & Economic Development, Councillor Luke Stubbs.

The meeting concluded at 9.30pm.

Lord Mayor

Agenda Item 8



Agenda item:

Title of meeting: City Council
Date of meeting: 13 October 2015
Subject: Review of Political Proportionality on Committees and Panels
Report by: Chief Executive
Wards affected: N/A
Key decision: No

1. Purpose of report

With the recent change in Group Strengths on the Council with Councillor Stockdale joining the Conservative Group and Councillor K Ferrett becoming a non-aligned Independent Member, there is a consequent need under the Local Government and Housing Act 1989, to review the allocation of committee seats to the political groups and the non-aligned member.

2. Recommendations

2.1 That Council

- (a) determine the allocation of seats on committees and Panels based on the information set out below and having regard to any inter group agreements that may be achieved prior to the meeting, and
- (b) ratify consequent named membership changes proposed by the respective Group Leaders at the meeting.

3. Background Information and implications

As a result of these changes, the Group Strengths and consequent seats on committees are as shown below (the figures in brackets indicate the position prior to the change)

Group	Councillors	Total Seats 76
Conservative	19 (18)	34 (33)
Liberal Democrat	14 (15)	25 (27)
UKIP	4	7
Labour	3 (4)	6 (7)
Independent (PG)	1	2
Independent (KF)	1 (0)	2 (0)

As shown above, the Conservative Group's overall seat allocation increases by one, the Liberal Democrat Group's overall seat allocation decreases by two, the Labour Group's overall allocation decreases by one and Councillor K Ferrett as an independent non-aligned member receives 2 seats.

Impact on Committee/Panel Places

- 1.The Conservative Group increase by one seat on the Planning Committee and the Liberal Democrat Group decreases by one seat on that Committee -
Cllr Stockdale is currently a member of that Committee and if she continues serving on it, no membership changes are required,
- 2.The Conservative Group lose one seat on the Licensing Committee to the independent Member Councillor (K Ferrett). This does not take account of Councillor Stockdale who currently sits on that Committee.
- 3.The Liberal Democrat Group need to identify a member to sit on the Licensing Committee to replace Councillor Stockdale who sat on the Committee previously by virtue of being a liberal Democrat member (to fill their allocation on that Committee).
- 4.The Liberal Democrat Group need to relinquish a seat to the Conservative Group on one of the regulatory committees/scrutiny panels (*see below)
.
- *The Conservative Group can have no more than three seats on any of these regulatory/scrutiny bodies. This is currently the position in respect of all except the following six member Panels, on which they currently have two members on each respectively .

Health Scrutiny Panel
Education, Children & Young People Scrutiny Panel
Housing and Social Care Scrutiny Panel

Of these the Housing and Social Care Scrutiny Panel may potentially be considered the logical panel to review the membership of, on the basis that it is the only panel on which the Liberal Democrat Group currently has three members on.

- 5.Councillor K Ferrett is entitled to one of the labour seats on one of scrutiny panels -
Councillor K Ferrett is currently a member of the Education Children and Young People Scrutiny Panel and if Council allocates that seat to Councillor K Ferrett, no other change is required.

Consequently the total number of seats be divided as follows (the bracketed figure was prior to the change).

Members	Party	Licensing Committee	Planning Committee	*Scrutiny & Regulatory (2)	SMP	Total seats	
		15	10	42	9	76	
19	Con	6 (7)	5 (4)	19 (18)	4	34	+1
14	LD	5	3 (4)	14 (15)	3	25	-2
4	UKIP	1	1	4	1	7	
3	Lab	1	1	3 (4)	1	6	-1
1	Ind PG	1	-	1	-	2	
1	Ind KF	1 (0)	-	1	-	2	+2

15 members	Licensing Committee
10 members	Planning Committee
*7 x 6 member Committee/panels	Employment Committee / Governance & Audit & Standards Committee / Health Overview Scrutiny Panel / EYCP Scrutiny / EDCL Scrutiny / TECS Scrutiny / HSC Scrutiny.
9 members	Scrutiny Management Panel

4. Legal Implications - legal comments are embodied in the report

5. Finance Comments - none in relation to this report

.....
 Signed by:

Appendices:

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

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

Title of document	Location

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

.....
Signed by:

Agenda Item 9



Portsmouth
CITY COUNCIL

Agenda item:

Title of meeting: Cabinet Member for Housing

Date of meeting: 14th July 2015

Subject: Deregulation Act 2015 and the implications to the Private rented Sector

Report by: Owen Buckwell – Head of Property and Housing Service

Wards affected: All

Key decision: No

Full Council decision: No

1. **Purpose of report**

1.1 To consider a motion referred from Council concerning retaliatory evictions in the private rented housing sector

2. **Recommendations**

2.1 **To agree to use Flagship to highlight and publicise legislative changes designed to prevent retaliatory evictions.**

2.2 **To ask officers to work with tenants and landlords to practically implement the changes and improvements to tenants' rights on retaliatory evictions when they become law on 1st October 2015.**

3. **Background**

3.1 On 17th March 2015 Council referred to Housing Cabinet a motion proposed by Councillor Michael Andrewes and seconded by Councillor Leo Madden concerning retaliatory evictions in the private rented housing sector.

3.2 The motion noted:

- The large number of Portsmouth residents who rent in the private sector.
- The need to protect residents who rent in the private sector from "retaliatory evictions" where they have asked for a legitimate repair and the landlord then evicts them.
- That the vast majority of private landlords are responsible and the council has a long and constructive history of working with them for their and their tenants benefit.
- The increasingly widespread practice of "retaliatory evictions" or eviction when the tenant has asked for a legitimate repair to be made.

3.3 The motion asked the Council to:

- support the amendments put in the Deregulation Bill by the Government to prevent retaliatory evictions, following the private members bill by Sarah Teather MP.
- ask the Chief Executive to write to Portsmouth MPs asking them to support the amendments in the last parliamentary stages.
- ask the Cabinet to highlight and publicise the changes in a future issue of Flagship and ask the Council's officers to work with tenants and landlords to practically implement the changes and improvements to tenants' rights on retaliatory evictions and other changes when they become law.

4. **Reasons for recommendations**

4.1 The private rented housing sector in Portsmouth comprises about 25% of the housing stock and accommodates approximately 55,000 residents.

4.2 The Deregulation Bill has passed through Parliament and will come into effect on 1st October 2015. Changes affecting private rented housing sector are set out in Appendix A.

4.3 Whilst detailed guidance on the legislation is awaited it is difficult to be certain about the implications on the private rented housing sector, although it is not anticipated that it will result in landlords leaving the market.

4.4 It is likely that the changes will result in increased demand on the Private Sector Housing Team, as indicated at Appendix A.

5. **Equality impact assessment (EIA)**

5.1 The pre impact assessment has indicated that a full impact assessment is not required.

6. **City Solicitor's comments**

6.1 The supply of good quality, affordable privately rented accommodation is essential to meet local housing need. The legal powers and obligations of the Council to ensure private landlords meet these standards are contained in a variety of legislative acts and orders and the new provisions set out in the Deregulation Act 2015 will further assist the Private Sector Housing Team.

6.2 It is within the cabinet member's power to make the recommendations suggested.

7. Head of Finance comments

7.1 The recommendations contained within this report can be delivered from within existing service cash limits, and are not envisaged to require any additional resource.

.....
Signed by:
Owen Buckwell – Director of Property and Housing Service.

Appendices:

Appendix A Deregulation Bill - Summary of Changes relating to Retaliatory Eviction

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
Deregulation Act 2015 Chapter 20.	http://www.legislation.gov.uk/ukpga/2015/20/contents/enacted

The recommendation(s) set out above were approved/ approved as amended/ deferred/ rejected by the Cabinet Member for Housing on 14th July 2015.

.....
Signed by:
Councillor Steve Wemyss
Cabinet Member for Housing

APPENDIX A

Summary of Deregulation Act 2015 relating to Retaliatory Eviction and specific areas affecting the Private Rented Housing Sector.

The Deregulation Bill 2015 was given Royal Assent on Friday 27th March 2015. With the main points of consideration:

1. When a Section 21 notice will be invalid:

A Section 21 notice (Housing Act 1988) served by a landlord enables them to regain possession of a property at the end of an assured short hold tenancy.

Presently a Section 21 Notice is invalid if served before the tenant's deposit has been protected and the tenant has not been provided with the correct documents prescribed in the deposit protection legislation. The Deregulation Act 2015 now introduces additional requirements for the landlord to comply to in order to serve a valid Section 21 Notice.

Crucially these relate to the condition of the property - to prevent against 'retaliatory evictions.

Deregulation Act 2015.

Section 33(1):

States that where a relevant notice is served, a section 21 notice may not be given

- (a) within 6 months beginning with the day of service of the relevant notice or
- (b) where the operation of the relevant notice has been suspended, within 6 months beginning with the day on which the suspension ends.

Section 33(2):

A section 21 is invalid, where before a Section 21 is served, the tenant made a complaint to the landlord regarding the condition of the dwelling house and at the time of the complaint and the landlord didn't:

- provide a response to the complaint within 14 days beginning with the day on which the complaint was given,
- provided a response to the complaint that was an adequate response.

Adequate response under this section would be:

- provide a description of the action that the landlord proposes to take to address the complaint, and
- sets out a reasonable timescale for the action to be taken.

Making a complaint to the Private Sector Housing Team.

The tenant can involve the Private Sector Housing Team (PSHT), by them making a complaint about the same or substantially the same subject matter as the complaint to the landlord.

If following an investigation, the best course of action is to serve a relevant notice, in which a relevant notice means:

- a notice served under section 11 of the Housing Act 2004 (improvement notices relating to category 1 hazards),
- a notice served under section 12 of that Act (improvement notices relating to category 2 hazards), or
- a notice served under section 40(7) of that Act (emergency remedial action)

Any section 21 notice served after the relevant notice has been issued would be invalid.

It also appears that a tenant can complain directly to the authority or if the authority is being pro-active in inspecting properties in their area and if a relevant notice is served, then a section 21 cannot be served. However, we are still waiting guidance to clarify this point.

Other relevant points:

There are some safeguards aimed at preventing both the tenants abusing the new powers and landlords finding they are unable to manage their property assets. These include:

- A tenant cannot rely on disrepair where the disrepair is caused by the tenant.
- A landlord can still serve a section 21 notice, if the property is genuinely being marketed for sale.

The provisions do not apply if a lender is seeking vacant possession to sell, provided the mortgage was granted prior to the commencement of the tenancy. At present, the new provisions will only apply to tenancies created after the provisions of the new Act come into force.

Existing tenants will not therefore be able to rely on these provisions at the present time. However, landlords should note that the Act does provide that the provisions will apply to all assured short hold tenancies 3 years after the provisions come into force

Implications to the Private Sector Housing Team:

The PSHT could be under more pressure from tenants to use the enforcement powers available to ensure that they can stay in the property.

The Housing Act 2004, does state that the authority MUST take the most appropriate enforcement action to remove high risk hazards, but our current policy allows officers to work with landlords, prior to the service of any notice.

If we were compelled to serve more notices, then this would increase pressure on officers, increasing the time in dealing with specific complaints; more challenges to the notice through the first-tier tribunal and more prosecutions taken.

2. Others areas under this clause:

Providing prescribed legal requirements:

Section 38 of the Act inserts a new section 21A Housing Act 1988. This will prevent a section 21 notice from being service if the landlord is in breach of certain legal requirements. Secondary legislation is required to provide the detail of this but it is likely to include gas safety certificates and providing EPCs. Meeting the requirements belatedly may still enable a section 21 to be served.

Implications to the Private Sector Housing Team:

The Private Sector Housing Team already deals with the gas and EPC information and this should not be a major problem.

Rent repayment:

Where a section 21 notice 'ends' a tenancy other than at the end of a period of the tenancy and rent for that period has been paid in advance, the landlord must pay the rent back to the tenant, pro rata for each full day the property is unoccupied.

All of this will only apply to new tenancies granted on or after the date of commencement. After three years from commencement, it will apply to all ASTs.

Timing of serving a section 21 notice.

No section 21 notice can be served within the first 4 months of the short hold tenancy, thus ending the all too widespread practice of serving a section 21 at the time the tenancy agreement is signed (though I'd still say that was probably caught by the deposit rules). The proposals also make it clear that possession proceedings cannot begin before 6 months from the start of the tenancy.

Summary of Implications of the legislation for the Private Sector Housing Team:

Overall the new areas covered within the Deregulation Bill, will provide tenants with more security from poor landlords, but it will also create more pressure on the Private Sector Housing Team in dealing with the possible increase in complaints and a greater demand on taking enforcement action against landlords.

But importantly, the new legislation should not cause major damage to the private rented market, with landlords moving out from the market due to this specific legislation.

Original Notice of Motion

Retaliatory Evictions

Proposed by Councillor Michael Andrewes
Seconded by Councillor Leo Madden

The council notes

The large number of Portsmouth residents who rent in the private sector

The need to protect residents who rent in the private sector from “retaliatory evictions” where they have asked for a legitimate repair and their landlord then evicts them.

That the vast majority of private landlords are responsible and the council has a long and constructive history of working with them for their and their tenants; benefit.

The increasingly widespread practice of “retaliatory evictions” or eviction when the tenant has asked of a legitimate repair to be made.

The council welcomes

The amendments put in to the Deregulation Bill by the Government to prevent retaliatory evictions, following the private members’ bill by Sarah Teather, MP

The council resolves

To support the amendments on retaliatory evictions

Ask the Chief Executive to write to Portsmouth MPs asking them to support the amendments in the last parliamentary stages

To ask the Cabinet to a. highlight and publicise the changes in a future issue of Flagship and b. ask the Council's officers to work with tenants and landlords to practically implement the changes and improvements to tenants’ rights on retaliatory evictions and other changes when they become law.

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Agenda Item 10

**Cabinet Member for Traffic & Transportation's Decision Meeting -
23 September (minute 39)**

DECISION

In response to the Notice of Motion at Full Council, it was agreed that:

- 1. The Cabinet Member will write to First Hampshire, Dorset & Berkshire and Stagecoach (South) to seek their cooperation in providing a value for money bus service in Portsmouth.**
- 2. Officers within the Transport, Environment and Business Support Directorate, will continue to meet with public transport operators to promote affordability within the fares structure and work on promoting bus travel across the city.**
- 3. Through the Cabinet Member's role within the Solent Transport partnership, there is continued monitoring of the uptake and promotion of innovative ticketing solutions such as the Solent Go card, mobile phone ticketing and improving and promoting bus travel generally.**

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Title of meeting: Cabinet Member for Traffic & Transportation Decision Meeting

Date of meeting: 23rd September 2015

Subject: Notice of Motion - fares on buses in Portsmouth

Report by: Director of Transport, Environment and Business Support

Wards affected: All

Key decision: No

Full Council decision: No

1. Purpose of report

This report has been requested by the Cabinet Member for Traffic and Transportation following a Notice of Motion regarding "Fares on buses in Portsmouth "at Full Council on Tuesday, 17th March 2015.

2. Recommendations

In response to the Notice of Motion at Full Council, it is recommended that:

- 2.1 The Cabinet Member writes to First Hampshire, Dorset & Berkshire and Stagecoach (South) to seek their cooperation in providing a value for money bus service in Portsmouth**
- 2.2 Officers within the Transport, Environment and Business Support Directorate, will continue to meet with public transport operators to promote affordability within the fares structure and work on promoting bus travel across the city**
- 2.3 Through the Cabinet Members role within the Solent Transport partnership, continue to monitor the uptake a promotion of innovative ticketing solutions such as the Solent Go card, mobile phone ticketing and improving and promoting bus travel generally**

3. Background

- 3.1 Under the 1985 Transport Act, bus services outside of London were deregulated, removing local authority control of bus services. The Act opened the operation of bus services to the free market, and while Local Authorities continue to work in partnership with bus operators to achieve common aims, the action undertaken by bus operators is entirely at their discretion.**

- 3.2 At Full Council on Tuesday, 17th March 2015 a notice of motion regarding fares on buses within Portsmouth was tabled.
- 3.3 The motion noted that while the cost of diesel had reduced by over 10%, First Bus fare prices had actually increased their individual fares by approximately 6%, and the three month season ticket by over 3%, more than 10 times the rate of inflation.
- 3.4 With the stark reduction in global oil price, it is not surprising that a commensurate reduction in fare price would be expected. However, there are a number of intervening factors which make such a reduction unlikely in the short term:
- Fuel accounts for around 15% of the operating costs of the bus network, and therefore only makes up a small component of the overall running costs
 - 86% of the bus network is run on a commercial basis in Portsmouth, which relies on a profit in order to continue
 - Bus operators forward buy their fuel at a pre-arranged fixed price, offering certainty of price, and less susceptibility to fluctuations in pricing.
- 3.5 Notwithstanding the above, Portsmouth City Council remains committed to ensuring the provision of high quality, attractively priced public transport within the city, offering residents an appealing alternative to the private car.
- 3.6 Portsmouth City Council has worked extensively in partnership with neighbouring Local Authority, bus and ferry operators to promote the creation of Solent GO. Solent Go is a new, smart travelcard that can be used to travel all over South Hampshire. This currently includes buses, ferries and the hovercraft. We are working closely with our rail partners to introduce trains to the Solent Go card also.
- 3.7 The Solent Go card facilitates cross boundary trips across the sub region, offering value for money ticketing. Initial take up has been good, with further a further promotion campaign programmed for later this year. Future plans have been developed for the further roll out of this ticketing platform, providing a step change in public transport provision across South Hampshire.

4. Reasons for recommendations

- 4.1 A reliable public transport network is critical to the future prosperity of Portsmouth providing residents and visitors with access to employment, education, health care, and recreational opportunities. Having an affordable fares structure is essential to the operation of public transport and ensuring it is accessible to residents.

5. Equality impact assessment

There are no equality issues arising from this report.

6. Legal implications

The Council has no direct powers in relation to non-subsidised bus routes, and the setting of ticket prices. However, the commercial setting in which bus operators trade (and in which their prices are set) may be influenced by the Council's strategies in relation to parking, and transport, as a highways and planning authority. Accordingly, the Council is able to make representations and take views from bus operators on matters which may affect transport sustainability and uptake, such as pricing.

7. Director of Finance's comments

Portsmouth City Council has offered to work with the Bus Operators in order to establish a rationale for changing the current fare structure. PCC has a custom built price sensitivity model that could be used to assist the operators in modelling changes to fares. Currently the offer of using this model has not been taken up.

PCC will continue to offer support to the operators in order to assist them with their fare structures.

.....
 Signed by:

Alan Cufley

Director of Transport, Environment and Business Support

Appendices:

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

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

Title of document	Location

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

.....
Signed by:
Cllr Ellcome
Cabinet Member for Traffic and Transportation

Original Notice of Motion

Fares on buses in Portsmouth

Proposed by Councillor Michael Andrewes
Seconded by Councillor Matthew Winnington

Council welcomes:

The money obtained from national government by the previous council administration to improve public transport infrastructure in Portsmouth and the My Travel Portsmouth project

Council notes:

The current annual rate of inflation is 0.3% and that the cost of diesel has fallen by over 10% since January 2014 and that as a result the Chief Secretary to the Treasury has written to the five major bus companies saying that they should reduce their fares.

That bus companies are reporting large profits.

However despite this First Bus have increased their individual fares, increasing some by approximately 6%, more than 20 times the rate of inflation and some season ticket prices including the three month season ticket by over 3%, more than 10 times the rate of inflation.

Council resolves:

To request that the Chief Executive writes to First Bus expressing the council's disappointment over the increase in its fares and that he also writes to both First Bus and Stagecoach urging them to reduce fares.

To ask that Scrutiny Management Panel holds a meeting on bus fares as soon as possible and ideally in March and invites representatives of First Bus, Stagecoach and bus passengers to that meeting.

To ask the Cabinet to work with the bus companies towards promoting and extending innovative ticketing solutions such as Solent Go card, mobile phone ticketing and improving and promoting bus travel generally

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Agenda Item 11

Treasury Management Outturn 2014/15 (Cabinet minute 58 refers)

RECOMMENDED 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 8.7%;

(b) The actual ratio of HRA financing costs to the HRA net revenue stream of 13.4%;

(c) Actual non HRA capital expenditure for 2014/15 of £41,960,000;

(d) Actual HRA capital expenditure for 2014/15 of £26,370,000;

(e) The actual non HRA capital financing requirement as at 31 March 2015 of £250,599,000;

(f) The actual HRA capital financing requirement as at 31 March 2015 of £153,391,000;

(g) Actual external debt as at 31 March 2015 was £462,566,096 compared with £441,970,134 at 31 March 2014.

Appendix B - That the following actual Treasury Management indicators for 2014/15 be noted:

(a) The Council's gross debt less investments at 31 March 2015 was £140,649,000;

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

	Under 1 Year	1 to 2 Years	3 to 5 Years	6 to 10 Years	11 to 20 Years	21 to 30 Years	31 to 40 Years	41 to 50 Years
Actual	1%	4%	3%	4%	15%	11%	20%	42%

(c) The Council's sums invested for periods longer than 364 days at 31 March 2015 were:

	Actual £m
31/3/2015	158
31/3/2016	126
31/3/2017	45

(d) The Council's fixed interest rate exposure at 31 March 2015 was £252m, ie. the Council had net fixed interest rate borrowing of £252m

(e) The Council's variable interest rate exposure at 31 March 2015 was (£198m), ie. the Council had net variable interest rate investments of £198m

Decision maker:	Cabinet City Council
Subject:	Treasury Management Outturn 2014/15
Date of decision:	24 September 2015 (Cabinet) 25 September 2015 (Governance and Audit and Standards Committee) 13 October 2015 (City Council)
Report by:	Chris Ward, Director of Finance & Information Services and Section 151 Officer
Wards affected:	All
Key decision:	No
Budget & policy framework decision:	No

1. Purpose of report

The Chartered Institute of Public Finance and Accountancy's (CIPFA) Prudential Code requires local authorities to calculate prudential indicators before the start of and after each financial year. Those indicators that the Council is required to calculate at the end of the financial year are contained in Appendix A of this report.

The CIPFA Code of Practice on Treasury Management also requires the Section 151 Officer to prepare an annual report on the outturn of the previous year. This information is shown in Appendix B of the report.

2. Recommendations

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 8.7%;
- (b) The actual ratio of HRA financing costs to the HRA net revenue stream of 13.4%;
- (c) Actual non HRA capital expenditure for 2014/15 of £41,960,000;

(d) Actual HRA capital expenditure for 2014/15 of £26,370,000;

(e) The actual non HRA capital financing requirement as at 31 March 2015 of £250,599,000;

(f) The actual HRA capital financing requirement as at 31 March 2015 of £153,391,000;

(g) Actual external debt as at 31 March 2015 was £462,566,096 compared with £441,970,134 at 31 March 2014.

Appendix B - That the following actual Treasury Management indicators for 2014/15 be noted:

(a) The Council's gross debt less investments at 31 March 2015 was £140,649,000;

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

	Under 1 Year	1 to 2 Years	3 to 5 Years	6 to 10 Years	11 to 20 Years	21 to 30 Years	31 to 40 Years	41 to 50 Years
Actual	1%	4%	3%	4%	15%	11%	20%	42%

(c) The Council's sums invested for periods longer than 364 days at 31 March 2015 were:

	Actual £m
31/3/2015	158
31/3/2016	126
31/3/2017	45

(d) The Council's fixed interest rate exposure at 31 March 2015 was £252m, ie. the Council had net fixed interest rate borrowing of £252m

(e) The Council's variable interest rate exposure at 31 March 2015 was (£198m), ie. the Council had net variable interest rate investments of £198m

3. Background

The Local Government Act 2003 requires local authorities to have regard to the Chartered Institute of Public Finance and Accountancy's (CIPFA) Prudential Code for Capital Finance in Local Authorities.

The Prudential Code requires local authorities to adopt the CIPFA Code of Practice for Treasury Management in the Public Sector, which the City Council originally adopted in April 1994. Under the Code of Practice for Treasury Management an Annual Policy Statement is prepared setting out the strategy and objectives for the coming financial year. The Cabinet approved the policy statement for 2014/15 on 18 March 2014.

The Code of Practice also requires the Section 151 Officer to prepare an annual report on the outturn of the previous year. This information is shown under Appendix B of the report.

This report is based on the Council's unaudited draft accounts as the audit is not due to be completed until the end of September. Basing the report on the unaudited draft accounts will enable the report to be considered in the September / October meeting cycle rather than in November.

4. Reasons for Recommendations

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.

5. Legal implications

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

6. Director of Finance & Information Services comments

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

.....
Signed by Director of Finance & Information Services and Section 151 Officer

Appendices:

Appendix A: Prudential Indicators

Appendix B: Treasury Management Outturn

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:

<u>Title of document</u>	Location
1 Treasury Management Files	Financial Services
2	

The recommendation(s) set out above were approved/ approved as amended/ deferred/ rejected by the City Council on 13 October 2015.

.....
Signed by: the Leader of the Council

ACTUAL PRUDENTIAL INDICATORS

1. RATIO OF FINANCING COSTS TO NET REVENUE STREAM 2014/15

This ratio reflects the annual cost of financing net debt as a proportion of the total revenue financing received. It therefore represents the proportion of the City Council's expenditure that is largely fixed and committed to repaying debt. The higher the ratio, the lower the flexibility there is to shift resources to priority areas and/or reduce expenditure to meet funding shortfalls.

For the General Fund, this is the annual cost of financing debt and as a proportion of total income received from General Government Grants, Non Domestic Rates and Council Tax. The ratios of financing costs to net revenue streams for the General Fund in 2014/15 were as follows:

	Original Estimate	Actual
	£'000	£'000
Financing Costs:		
Interest Payable	17,463	17,340
Interest Receivable	(1,422)	(2,403)
Provision for Repayment of Debt	7,304	2,650
Total Financing Costs	23,345	17,587
Net Revenue Stream	174,827	203,130
Ratio of Financing Costs to Net Revenue Stream	13.4%	8.7%

Interest Receivable was £1.0m more than the original estimates. This was due to the Council having more cash to invest than had been anticipated and the interest rates on the Council's investments being higher than had been anticipated.

The provision for the repayment of debt was £4.6m less than the original estimate. This is mainly because on 3 June 2013 the City Council resolved to use City Deal grant to repay the entire principal due on the Council debts in 2013/14 and 2014/15, and to reduce the revenue provision for the repayment of debt by the amount of principal repaid using City Deal grant. The City Deal grant from the Government is conditional on it being applied to fund capital expenditure or to repay the principal on borrowing by 30 June 2015. This will enable the 30 June 2015 deadline is achieved.

The ratio of Housing Revenue Account (HRA) financing costs to net revenue stream is shown below. For the HRA, this is the annual cost of financing long term debt, as a proportion of total gross income received including housing rents and charges.

	Original Estimate	Actual
HRA	12.4%	13.4%

The actual percentage of HRA financing costs to net revenue stream is higher than anticipated. This is because the actual HRA net revenue stream was significantly lower than estimated.

2. ACTUAL CAPITAL EXPENDITURE 2014/15

There has been significant under spending against the original budget. This is mostly due to slippage or funding not being available. Therefore the under spend does not represent additional capital resources. Actual capital expenditure in 2014/15 was as follows:

	Estimate £'000	Actual £'000
Culture & Leisure	4,343	1,181
Children's & Education Services	9,422	10,309
Environment & Community Safety	13,192	897
Health & Social Care (Adults Services)	3,775	907
Resources	5,087	7,050
Millennium	-	6
Planning, Regeneration & Economic Development	23,214	5,238
Commercial Port	3,956	839
Traffic & Transportation	13,991	7,290
Housing General Fund	13,200	1,918
Local Enterprise Partnership	-	6,325
Total Non HRA	90,180	41,960
Housing Revenue Account (HRA)	34,510	26,370
Total	124,690	68,330

Actual capital expenditure was £56.4m below the original capital programme. The main variances were as follows:

Culture & Leisure - £3.1m Underspend

£1.7m of the underspend is due to slippage on the Coastal Communities ARTches Project and was caused by the planning consents associated with this historical site taking longer than originally anticipated. A £1.3m scheme to improve the Canoe Lake and nearby seafront has been abandoned because Heritage Lottery funding could not be secured.

Environment and Community Safety - £12.3m Underspend

This underspend is due to slippage on flood defence works as the preliminary works took longer than anticipated.

Health and Social Care (Adults Services) - £2.9m Underspend

This underspend is mostly due to slippage on the scheme to provide new and improved models of care. This scheme was put on hold pending a review of the Adult Social Care Accommodation Strategy.

Resources - £2.0m Overspend

There were significant additions to the program principally including the super connected cities project and improvements to the Guildhall. These two schemes incurred spending of £2M during 2014/15.

Planning, Regeneration and Economic Development - £18.0m Underspend

This underspend is principally due to slippage on the City Deal.

Commercial Port - £3.2m Underspend

This underspend is mostly due to slippage on the scheme to demolish the floating dock jetty whilst its economic viability is considered.

Traffic and Transportation - £6.7m Underspend

The majority of this underspend is due to the final accounts on the Tipner Park and Ride, and Northern Road Bridge replacement schemes being less than anticipated and slippage on the Local Transport Plan due to resources being diverted on to Local Sustainable Transport Fund projects.

Housing General Fund - £11.3m Underspend

There was a delay in securing funding for the Green Deal Project which resulted in this project slipping into 2015/16. In addition the take up on some schemes to support vulnerable people was less than had been anticipated.

Local Enterprise Partnership (LEP) - £6.3m Overspend

Capital expenditure by the LEP was not included in the original capital program, but the LEP has been accounted for as part of the City Council as the City Council is the accountable body, has a veto on all lending by the LEP, and bears the credit risk associated with lending by the LEP.

Housing Revenue Account (HRA) - £8.1m Underspend

The under spend is principally due to slippage on major repairs to Council dwellings.

3. ACTUAL CAPITAL FINANCING REQUIREMENT

This 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 capital financing requirement also forms the basis of the calculation of the amount of money that has to be set aside for the repayment of outstanding General Fund debt. The capital financing requirement is increased each year by any new borrowing and reduced by any provision for the repayment of debt. The higher the capital financing requirement, the higher the amount that is required to be set aside for the repayment of debt in the following year.

The actual capital financing requirements as at 31st March 2015 were as follows:

	Original Estimate	Actual
	£'000	£'000
Non HRA	247,846	250,599
HRA	166,785	153,391
Total	414,631	403,990

The capital financing requirement is lower than the original estimate due to less capital works financed by borrowing being undertaken in 2013/14 which led to a lower than anticipated opening capital financing requirement at 1 April 2013 and further underspending on capital works financed by borrowing in 2014/15.

4. ACTUAL EXTERNAL DEBT

At 31 March 2015, the City Council's level of external debt amounted to £462,566,096 consisting of the following:

- Long Term Borrowing £376,470,939
- Finance leases £3,027,379
- Service concessions (including PFI schemes) £83,067,778

The overall level of debt, excluding debt managed by Hampshire County Council, has increased between 2013/14 and 2014/15 by £20,595,962.

5. CODE OF PRACTICE

The Prudential Code requires local authorities to adopt CIPFA's Code of Practice for Treasury Management in Local Authorities. The City Council has complied with this code.

TREASURY MANAGEMENT DECISIONS 2014/15**1. GOVERNANCE**

Treasury management activities were performed within the Prudential Indicators approved by the City Council.

Treasury management activities are also governed by the Treasury Management Policy Statement, Annual Minimum Revenue Provision for Debt Repayment Statement and Annual Investment Strategy approved by the City Council. Treasury management activities were performed in accordance with these policies with the following two exceptions which have previously been reported.

It was reported in the Treasury Management Monitoring Report for the First Quarter of 2014/15 that the aggregate limit for investments in money market funds of £80m was exceeded on 22 days between 1 April and 8 May by up to £12.7m. This was because £48.8m City Deal Grant received at the end of 2013/14 and receipts of Government revenue grants early in 2014/15 were invested in AAA rated instant access money market funds pending reinvestment over a longer term. AAA rated market funds offer a generally very safe form of investment as they are well diversified and consist investments of a short duration.

It was reported in the Treasury Management Monitoring Report for the Third Quarter of 2014/15 that a deposit with a duration of 2 years and 2 days was placed with Furness Building Society which exceeded the duration limit in force at that time for unrated building societies of 364 days. This is considered to be a low risk given the inherent nature of building societies and the duration limits for the strongest unrated building societies, including Furness Building Society, was increased to two years in the 2015/16 Treasury Management Policy

2. FINANCING OF CAPITAL PROGRAMME

The 2014/15 capital programme was financed as follows:

Source of Finance	Anticipated £'000	Actual £'000
Corporate Reserves (including Capital Receipts)	13,840	2,373
Grants & Contributions	59,670	32,984
Revenue & Reserves	42,242	29,306
Long Term Borrowing	8,938	3,667
Total	<u>124,690</u>	<u>68,330</u>

There was significant slippage in the capital programme and some schemes were curtailed or abandoned. This meant that less capital resources were used to finance the capital programme.

In addition the Council received £48.8m of City Deal Grant which must be applied to finance capital expenditure or to the repayment of principal on borrowing by 30 June 2015. In order to ensure that this deadline was achieved, the amount of capital expenditure financed by City Deal Grant was maximized. This has resulted in more capital expenditure being financed from grants and contributions than would otherwise have been the case and less capital expenditure being financed from other sources than would otherwise be the case.

3. ECONOMIC BACKGROUND

The original market expectation at the beginning of 2014/15 was for the first increase in Bank Rate to occur in quarter 1 2015 as the unemployment rate had fallen much faster than expected through the Bank of England's initial forward guidance target of 7%. In May, however, the Bank revised its forward guidance. A combination of very weak pay rises and inflation above the rate of pay rises meant that consumer disposable income was still being eroded and in August the Bank halved its forecast for pay inflation in 2014 from 2.5% to 1.25%. Expectations for the first increase in Bank Rate therefore started to recede as growth was still heavily dependent on buoyant consumer demand. During the second half of 2014 financial markets were caught out by a halving of the oil price and the collapse of the peg between the Swiss franc and the euro. Fears also increased considerably that the ECB was going to do too little too late to ward off the threat of deflation and recession in the Eurozone. By the end of 2014, it was clear that inflation in the UK was going to head towards zero in 2015 and possibly even turn negative. In turn, this made it clear that the MPC would have great difficulty in starting to raise Bank Rate in 2015 while inflation was around zero and so market expectations for the first increase receded back to around quarter 3 of 2016. The Governor of the Bank of England, Mark Carney, has subsequently indicated that the first rise in Bank Rate is likely to be in quarter 1 of 2016 although he has repeatedly stated that increases in Bank Rate will be slow and gradual.

Gilt yields were on a falling trend for much of the last eight months of 2014/15 but were then pulled in different directions by increasing fears after the anti-austerity parties won power in Greece in January; developments since then have increased fears that Greece could be heading for an exit from the euro. While the direct effects of this would be manageable by the EU and ECB, it is very hard to quantify quite what the potential knock on effects would be on other countries in the Eurozone once the so called impossibility of a country leaving the EZ had been disproved. Another downward pressure on gilt yields was the announcement in January that the ECB would start a major programme of quantitative easing, purchasing EZ government and other debt in March. On the other hand, strong growth in the US caused an increase in confidence that the US was well on the way to making a full recovery from the financial crash and would be the first country to start increasing its central rate, probably by the end of 2015. The UK would be closely following it due to strong growth over both 2013 and 2014 and good prospects for a continuation into 2015 and beyond. However, there was also an increase in concerns around political risk from the general election due in May 2015.

The Funding for Lending Scheme, announced in July 2012, resulted in a flood of cheap credit being made available to banks which then resulted in money market investment rates falling drastically in the second half of that year and continuing throughout 2014/15.

The UK Government maintained its tight fiscal policy stance but recent strong economic growth and falling gilt yields led to a reduction in the forecasts for total borrowing in the March budget.

The EU sovereign debt crisis had subsided since 2012 until the Greek election in January 2015 sparked a resurgence of fears. While the UK and its banking system has little direct exposure to Greece, it is much more difficult to quantify quite what effects there would be if contagion from a Greek exit from the euro were to severely impact other major countries in the EZ and cause major damage to their banks.

4. GROSS AND NET DEBT

The Council's net borrowing position at 31 March 2015 excluding accrued interest was as follows:

	1 April 2014	31 March 2015
	£'000	£'000
Borrowing	354,822	376,471
Finance Leases	3,775	3,027
Service Concession Arrangements (including PFIs)	83,373	83,068
Gross Debt	441,970	462,566
Investments	(296,761)	(321,917)
Net Debt	145,209	140,649

The Council has a high level of investments relative to its gross debt due to a high level of reserves, partly built up to meet future commitments under the Private Finance Initiative schemes and future capital expenditure. The £84m of borrowing taken in 2011/12 to take advantage of very low PWLB rates has also temporarily increased the Council's cash balances. The Council's investments increased by £25.1m in 2014/15. This was mainly due to borrowing £25m from the Public Works Loans Board (PWLB) in November 2014 to fund future capital expenditure and slippage in the capital programme.

The current 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. In the interim period where investments are high because loans have been taken in advance of need, there is also a short term risk that the rates (and therefore the cost) at which money has been borrowed will be greater than the rates at which those loans can be invested. The level of investments will fall as capital expenditure is incurred and commitments under the Private Finance Initiative (PFI) schemes are met.

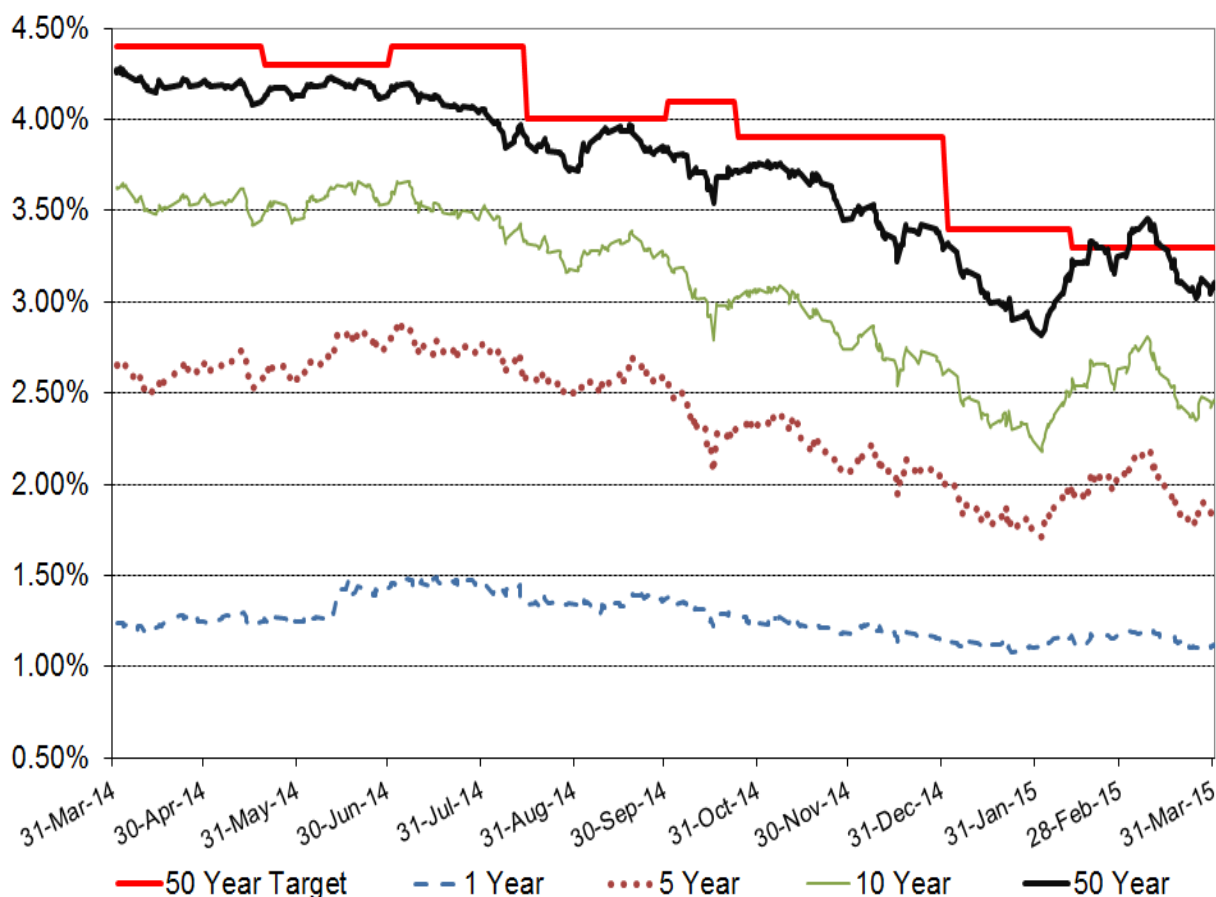
5. DEBT RESCHEDULING

Under certain circumstances it could be beneficial to use the Council's investments to repay its debt. However this normally entails paying a premium to the lender, namely the Public Works Loans Board (PWLB). Debt rescheduling is only beneficial to the revenue account when the benefits of reduced net interest payments exceed the cost of any premiums payable to the lender. Debt rescheduling opportunities have been limited in the current economic climate and by the structure of interest rates following increases in PWLB new borrowing rates in October 2010.

No debt rescheduling was undertaken in 2014/15.

6. BORROWING ACTIVITY

The table below shows the PWLB's certainty rates in 2014/15.



There were many small movements in PWLB rates in 2014/15, both upwards and downwards, but overall rates fell until January. Any one of the movements upwards could have marked the start of an upward trend which was expected, but in the event, did not start until February. PWLB rates were below the target rate recommended by the Council's advisors, Capita Asset Services, for considering new borrowing for most of the year. Consequently £25m was borrowed from the PWLB for 15 years repayable at maturity in November 2014. The loan was taken out at the PWLB's project rate which was 3.19% at that time. The project rate is 0.20% below the certainty rate. The loan was taken out to fund the City Deal and the development of Dunsbury Hill Farm.

This borrowing, in addition to £88.6m borrowed at National Loans Fund Rates to fund the HRA Self Financing payment in March 2012, has resulted in the Council's external debt exceeding its capital financing requirement by £58.6m.

7. REFINANCING RISK

In recent years the cheapest loans have often been very long loans repayable at maturity.

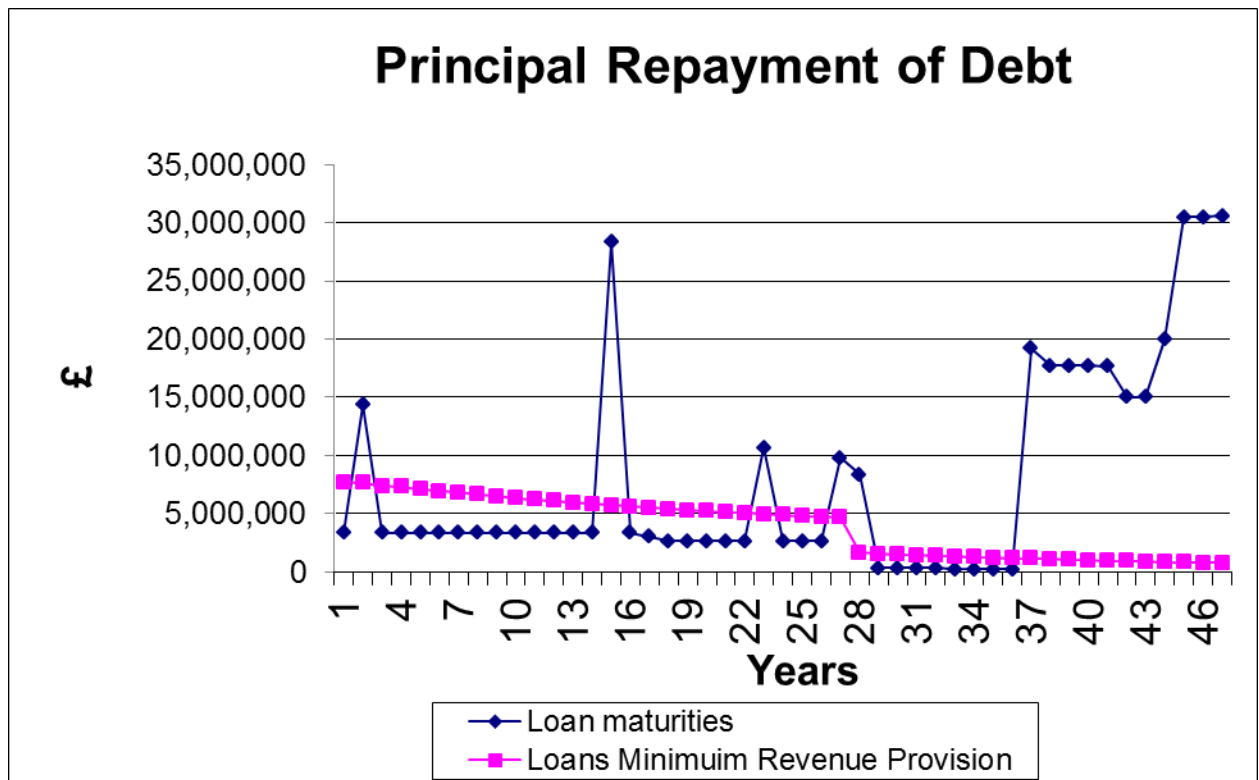
During 2007/08 the Council rescheduled £70.8m of debt. This involved repaying loans from the Public Works Loans Board (PWLB) early and taking out new loans from the PWLB with longer maturities ranging from 45 to 49 years. The effect of the debt restructuring was to reduce the annual interest payable on the Council's debt and to lengthen the maturity profile of the Council's debt.

£50m of new borrowing was taken in 2008/09 to finance capital expenditure. Funds were borrowed from the PWLB at fixed rates of between 4.45% and 4.60% for between 43 and 50 years.

A further £173m was borrowed in 2011/12 to finance capital expenditure and the HRA Self Financing payment to the Government. Funds were borrowed from the PWLB at rates of between 3.48% and 5.01%. £89m of this borrowing is repayable at maturity in excess of 45 years. The remaining £84m is repayable in equal instalments of principal over periods of between 17 and 27 years.

As a result of interest rates in 2007/08 when the City Council rescheduled much of its debt and interest rates in 2008/09 and 2011/12 when the City Council undertook considerable new borrowing 62% of the City Council's debt matures in over 30 years' time.

The Government has issued guidance on making provision for the repayment of debt which the Council is legally obliged to have regard to. The City Council is required to make greater provision for the repayment of debt in earlier years. Therefore the City Council is required to provide for the repayment of debt well in advance of it becoming due. This is illustrated in graph below.



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 sections 9 and 11). The City Council could reschedule its debt, but unless certain market conditions exist at the time, premium payments have to be made to lenders.

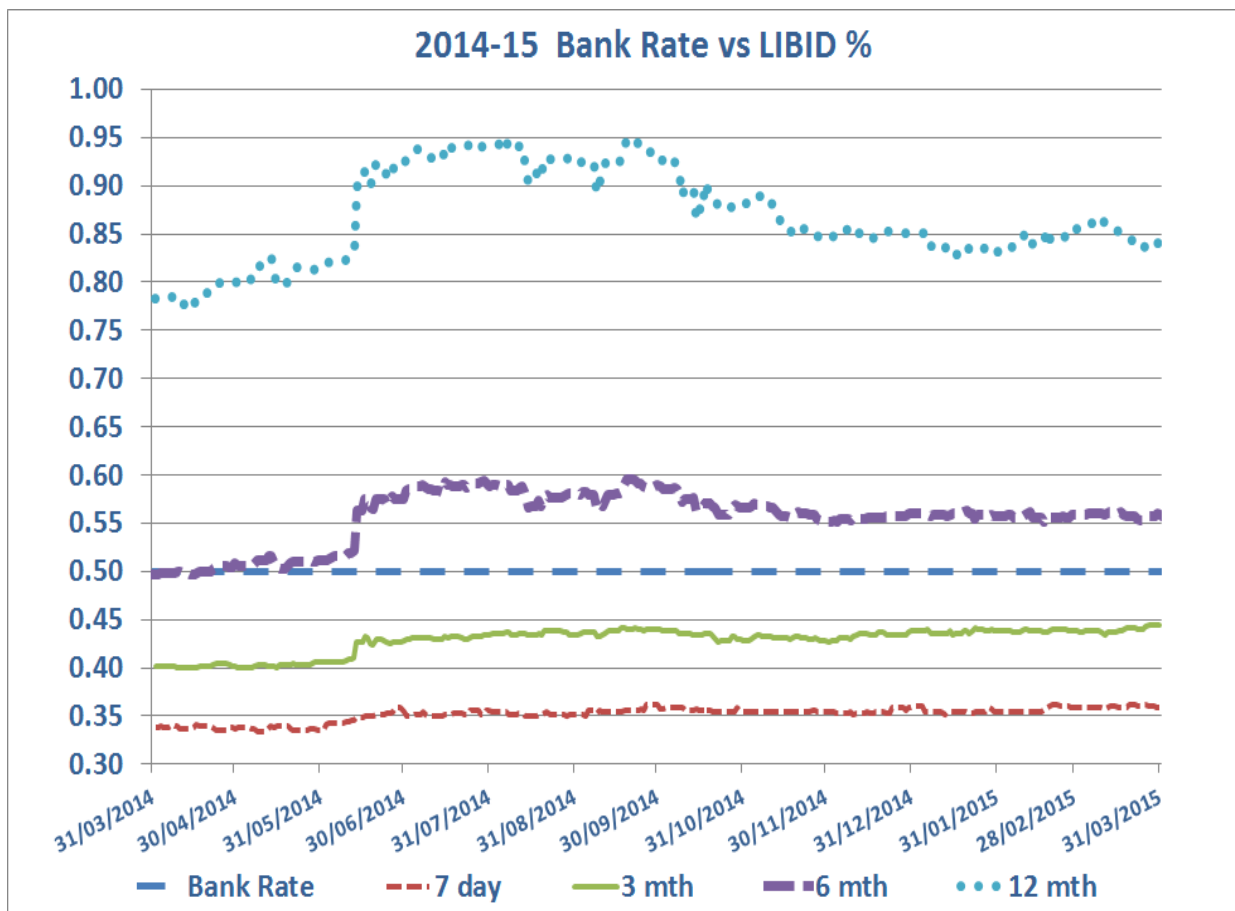
The CIPFA Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes require local authorities to set upper and lower limits for the maturity of borrowings in defined periods. The Council’s performance against the limits set by the City Council is shown below.

	Under 1 Year	1 to 2 Years	3 to 5 Years	6 to 10 Years	11 to 20 Years	21 to 30 Years	31 to 40 Years	41 to 50 Years
Lower Limit	0%	0%	0%	0%	0%	0%	0%	0%
Upper Limit	20%	20%	30%	30%	40%	40%	60%	70%
Actual	1%	4%	3%	4%	15%	11%	20%	42%

8. INVESTMENT ACTIVITY

The Council's investments of surplus cash were higher than anticipated, principally due to the receipt of all of the £48.8m City Deal Grant on 28 March 2014 which had been expected to be received at a later date and be over the next two financial years. In addition, the proportion of the investment portfolio consisting of short term investments of under one year, which are not considered to be fixed rate because of their short term nature, has increased from 64% on 1 April to 72% on 30 September as long term investments of over a year have matured and not generally been replaced. This resulted in the variable interest rate exposure limit of (£196m - investments) being exceeded by £22m. The City Council therefore increased the variable interest rate exposure limit by (£45m) from (£196m) to (£241m), ie. from net investments of £196m to net investments of £241m on 11 November 2014.

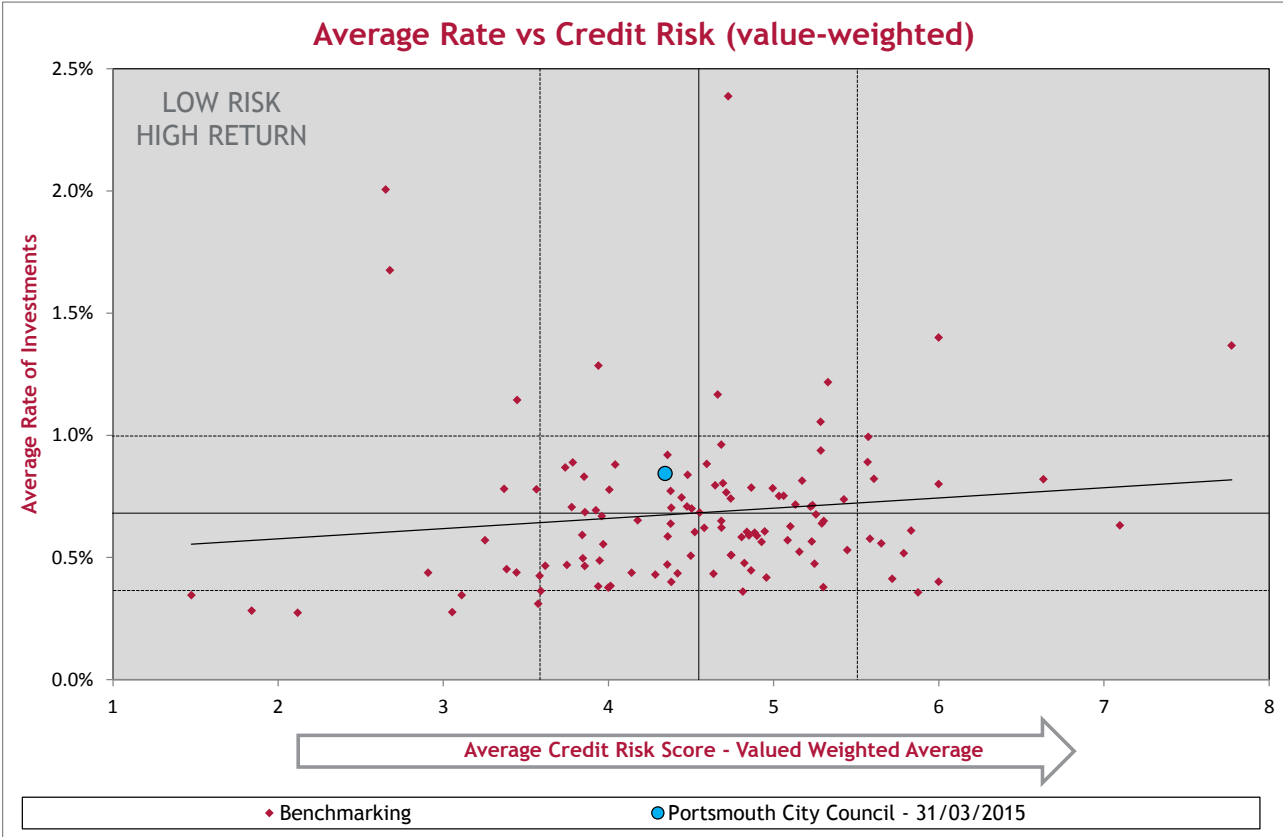
London inter-bank lending rates in 2014/15 are shown in the graph below:



Bank base rate remained at 0.5% over the financial year and has remained unchanged since March 2009.

The average return on the Council's investments was 0.76% in 2014/15 which was similar to the average return of 0.74% in 2013/14.

The City Council's investment activities are benchmarked by Arlingclose against its other clients. The graph below shows the councils' average rates of return as at 31 March 2015 against credit risk.



Portsmouth is above the line of best fit and a little to the left of the average. This indicates that Portsmouth's investment portfolio has a relatively low risk, but that its returns are above average.

9. SECURITY OF INVESTMENTS

The risk of default has been managed through limiting investments in any institution to a maximum £26m, setting investment limits for individual institutions that reflect their financial strength and spreading investments over countries and sectors.

The 2014/15 Treasury Management Policy approved by the City Council on 18 March 2014 and amended by the City Council on 6 November only permitted deposits to be placed with the Council's subsidiaries, namely MMD (Shipping Services) Ltd, the United Kingdom Government, other local authorities and institutions that have the following minimum credit ratings:

Short Term Rating

F2 (or equivalent) from Fitch, Moody's (P-2) or Standard and Poor (A-2)

Long Term Rating

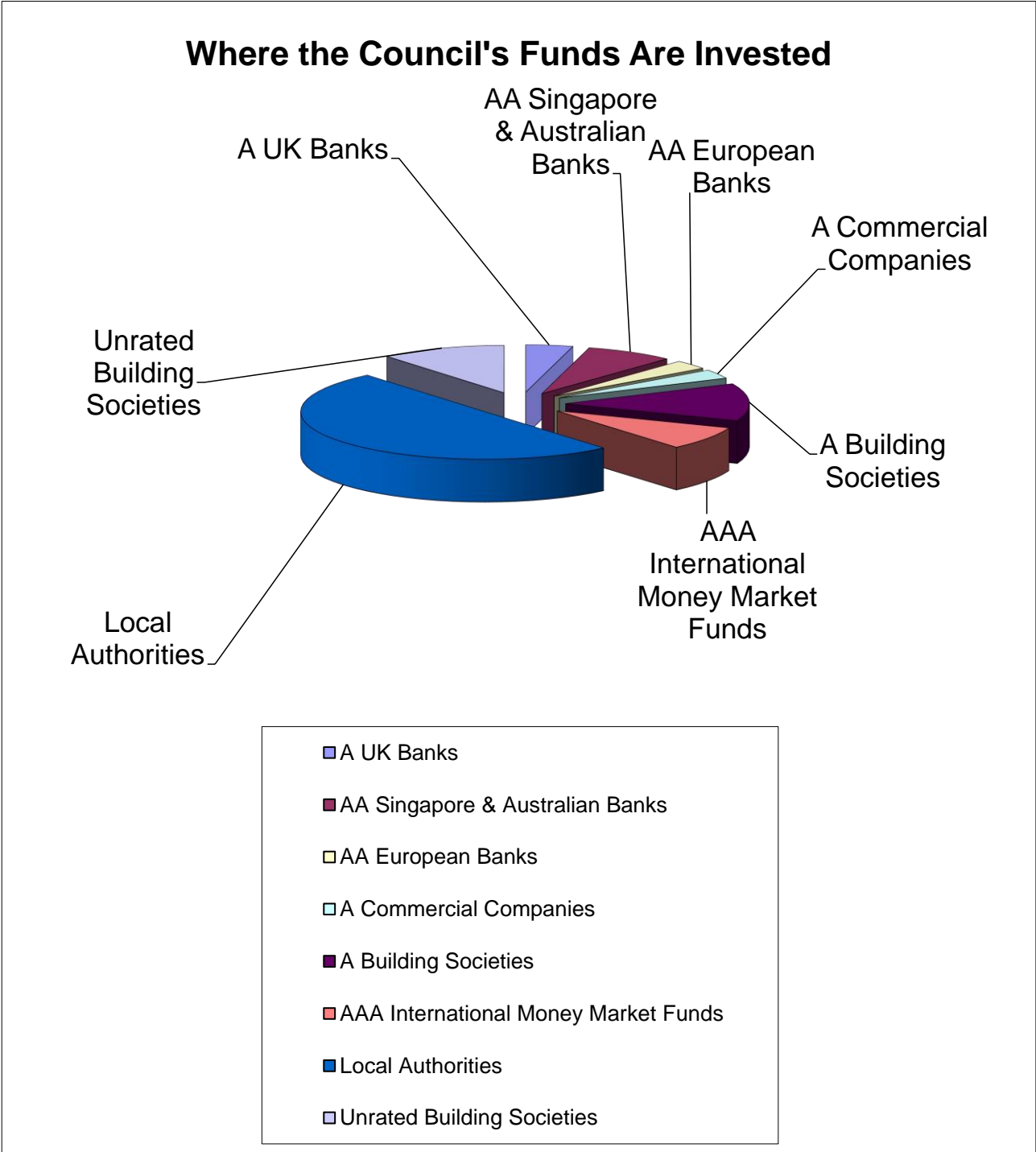
BBB (except for the Co-operative Bank who hold the Council's main current accounts) or equivalent from Fitch, Moody's or Standard & Poor

In addition the 2014/15 Treasury Management Policy approved by the City Council on 18 March 2014 and amended by the City Council on 6 November also permitted deposits to be placed with the stronger unrated building societies.

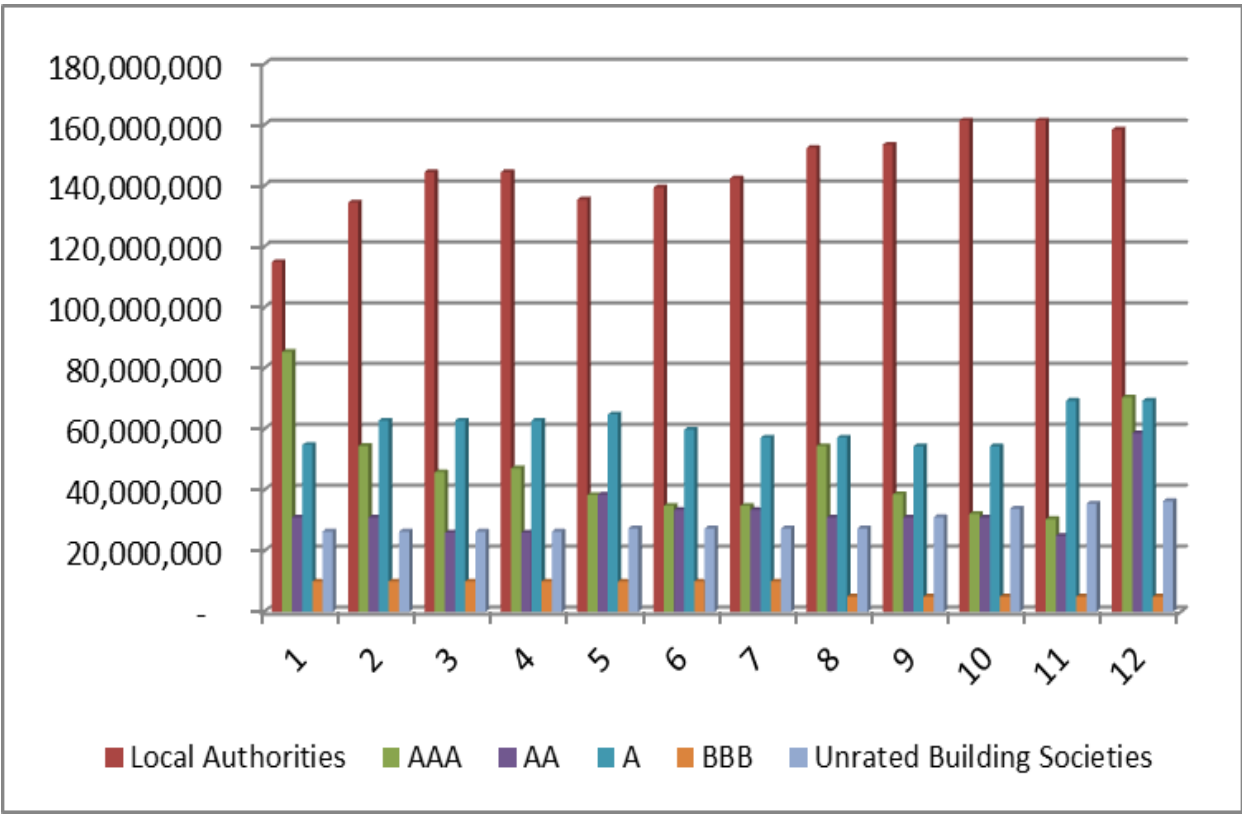
At 31 March 2015 the City Council had on average £5.7m invested with each institution.

Credit risk also exists from the Council's current bank accounts. This arises not only from the Council's overnight current account bank balances, but also from settlement risk, ie. the Council's intra-day exposure can temporarily exceed the balance on the accounts after all transactions have been processed. This counter party exposure is in addition to the Council's investment limits.

The chart below shows how the Council's funds were invested at 31 March 2015.



The chart below shows how the Council's investment portfolio has changed in terms of the credit ratings of investment counter parties over 2014/15.

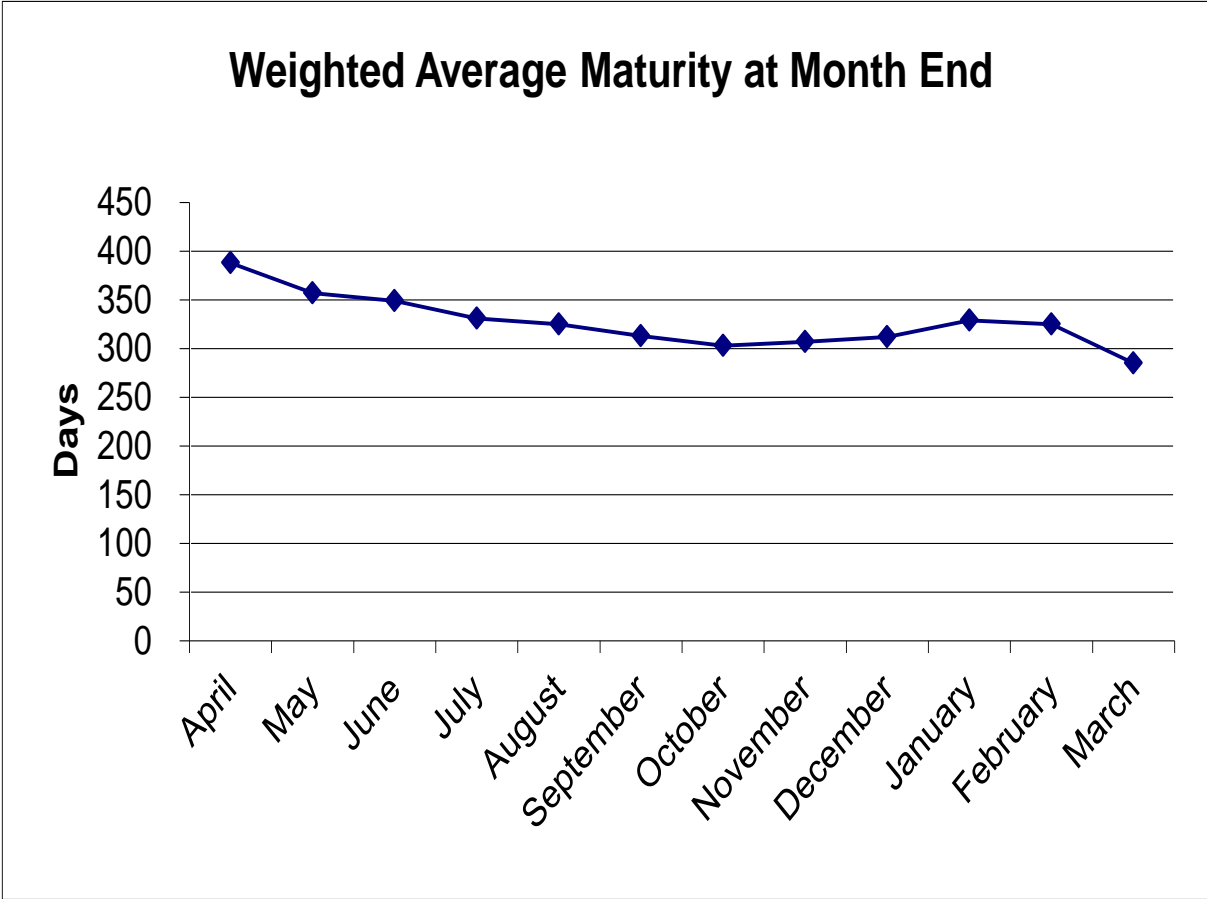


It can be seen from the graph above that investments in AAA rated counter parties, consisting of AAA rated instant access money market funds have declined over 2014/15. These investments have largely been replaced by investments in other local authorities which generally offer a better return than investments in AAA rated money market funds.

10. LIQUIDITY OF INVESTMENTS

The 2014/15 Treasury Management Policy seeks to maintain the liquidity of the portfolio, ie. the ability to liquidate investments to meet the Council’s cash requirements, through maintaining at least £10m in instant access accounts. At 31 March 2015 £25.6m was invested in instant access accounts. Whilst short term investments provide liquidity and reduce the risk of default, they do also leave the Council exposed to falling interest rates.

The weighted average maturity of the City Council’s investment portfolio started at 388 days in April and fell to 285 days in March. Investment rates are currently low and the shorter average maturity will facilitate the Council taking advantage of any increases in investment rates. This is shown in the graph below.



Under CIPFA’s 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 in order to ensure that sufficient money can be called back to meet the Council’s cash flow requirements. The Council’s performance against the limits set by the City Council is shown below.

	Limit (Not Exceeding) £m	Actual £m
31/3/2015	265	158
31/3/2016	243	126
31/3/2017	231	45

11. INTEREST RATE RISK

This is the risk that interest rates will move in a way that is adverse to the City Council's position.

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. Fixed interest rate borrowing exposes the Council to the risk that interest rates could fall and the Council will pay more interest than it need have done. Long term fixed interest rate investments expose the Council to the risk that interest rates could rise and the Council will receive less income than it could have received. However fixed interest rate exposures do avoid the risk of budget variances caused by interest rate movements. The Council's performance against the limit set by the City Council as at 31 March is shown below.

	Limit	Actual
	£m	£m
Maximum Projected Gross Borrowing – Fixed Rate	395	376
Minimum Projected Gross Investments – Fixed Rate	(123)	(124)
Fixed Interest Rate Exposure	272	252

The CIPFA Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes also require local authorities to set upper limits for variable interest rate exposures. Variable interest rate borrowing exposes the Council to the risk that interest rates could rise and the Council's interest payments will increase. Short term variable interest rate investments expose the Council to the risk that interest rates could fall and the Council's investment income will fall. Variable interest rate exposures carry the risk of budget variances caused by interest rate movements. The Council's performance against the limit set by the City Council is shown below.

	Limit	Actual
	£m	£m
Minimum Projected Gross Borrowing – Variable Rate	-	-
Maximum Projected Gross Investments – Variable Rate	(241)	(198)
Variable Interest Rate Exposure	(241)	(198)

12. REVENUE COSTS OF TREASURY MANAGEMENT ACTIVITIES IN 2014/15

Expenditure on treasury management activities against the revised budget is shown below.

Interest 2014/15

	Revised Estimate 2014/15 £	Actual 2014/15 £	Variance +/- £
PWLB – Maturity Loans	10,863,177	10,863,177	-
PWLB - E.I.P Loans	3,850,900	3,850,900	-
Other Long Term Loans	511,500	511,500	-
HCC Transferred Debt	464,766	449,685	(15,081)
Interest on Finance Lease	189,960	188,385	(1,575)
Interest on Service Concession Arrangements (including PFIs)	8,927,514	8,923,380	(4,134)
Interest Payable to External Organisations	4,730	6,562	1,832
	<hr/> 24,812,547	<hr/> 24,793,589	<hr/> (18,958)
<u>Deduct</u>			
Investment Income	(2,928,747)	(2,645,913)	282,834
	<hr/> 21,883,800	<hr/> 22,147,676	<hr/> 263,876
Provision for Repayment of Debt	5,590,728	5,604,024	13,296
Debt Management Costs	324,321	374,308	49,987
	<hr/> 27,798,849	<hr/> 28,126,008	<hr/> 327,159

There is a £0.3m overspend against the revised estimate. This is principally because investment income was £0.3m less than the revised estimate due to cash balances being lower than anticipated in the final quarter.

Agenda Item 12

Revision of Investment Strategy and Treasury Management Monitoring Report for 1st Quarter of 2015/16 (Cabinet minute 59 refers)

RECOMMENDED (1) That the Investment Strategy be amended to permit unsecured investments with a duration in excess of 2 years to be placed with banks

(2) That the Director of Finance and Information Services be given delegated authority to invest the Council's funds in equity trackers which follow the developed stock markets with a floor of 100% of the capital invested, ie. the Council's capital is guaranteed.

(3) That an investment limit of £70m be applied to equity trackers

(4) That the variable interest rate exposure limit be increased by (£70m) from (£278m) to (£348m), ie. that the limit for net variable interest rate investments be increased to £348m.

(5) That the investment limits applied to regions outside the United Kingdom be revised as follows:

Region	Current Limit	Region	Revised Limit
Asia & Australia	£40m	Asia & Australia	£60m
Americas	£40m	Americas	£60m
Continental Europe	£30m	Eurozone	£30m
		Continental Europe outside the Eurozone	£30m

(6) That the following actual treasury management indicators for the first quarter of 2015/16 be noted:

(a) The Council's debt at 30 June:

Prudential Indicator	Limit £m	Actual £m
Authorised Limit	503	461
Operational Boundary	484	461

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

	Under 1 Year	1 to 2 Years	3 to 5 Years	6 to 10 Years	11 to 20 Years	21 to 30 Years	31 to 40 Years	41 to 50 Years
Lower Limit	0%	0%	0%	0%	0%	0%	0%	0%
Upper Limit	10%	10%	20%	20%	40%	40%	40%	50%
Actual	1%	4%	3%	4%	15%	11%	20%	42%

(c) The Council's sums invested for periods longer than 364 days at 30 June 2015 were:

	Prudential Limit £m	Quarter 3 Actual £m
Maturing after 31/3/2016	243	126
Maturing after 31/3/2017	231	45
Maturing after 31/3/2018	228	5

(d) The Council's fixed interest rate exposure at 30 June 2015 was £228m, ie. the Council had net fixed interest rate borrowing of £228m. This is within the Council's approved limit of £304m.

(e) The Council's variable interest rate exposure at 30 June 2015 was (£258m), ie. the Council had net variable interest rate investments of £258m. This is within the Council's approved limit of (£278m).

Decision maker: Cabinet
City Council

Subject: Revision of Investment Strategy and Treasury Management Monitoring Report for the First Quarter of 2015/16

Date of decision: 24 September 2015 (Cabinet)
25 September 2015 (Governance and Audit and Standards Committee)
13 October 2015 (City Council)

Report by: Chris Ward, Director of Finance & Information Services and Section 151 Officer

Wards affected: All

Key decision: Yes
Budget & policy framework decision: Yes

1. Purpose of report

The purpose of the report is to amend the Investment Strategy to allow the Council to invest in 5 year equity trackers and to increase the geographical investment limits and the variable interest rate exposure limit. Appendix A contains the Treasury Management Monitoring Report which aims to inform members and the wider community of the Council's Treasury Management position at 30 June 2015 and of the risks attached to that position.

2. Recommendations

- 1) That the Investment Strategy be amended to permit unsecured investments with a duration in excess of 2 years to be placed with banks
- 2) That the Director of Finance and Information Services be given delegated authority to invest the Council's funds in equity trackers which follow the developed stock markets with a floor of 100% of the capital invested, ie. the Council's capital is guaranteed.
- 3) That an investment limit of £70m be applied to equity trackers
- 4) That the variable interest rate exposure limit be increased by (£70m) from (£278m) to (£348m), ie. that the limit for net variable interest rate investments be increased to £348m

- 5) That the investment limits applied to regions outside the United Kingdom be revised as follows:

Region	Current Limit	Region	Revised Limit
Asia & Australia	£40m	Asia & Australia	£60m
Americas	£40m	Americas	£60m
Continental Europe	£30m	Eurozone	£30m
		Continental Europe outside the Eurozone	£30m

- 6) That the following actual treasury management indicators for the first quarter of 2015/16 be noted:

- (a) The Council's debt at 30 June:

Prudential Indicator	Limit £m	Actual £m
Authorised Limit	503	461
Operational Boundary	484	461

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

	Under 1 Year	1 to 2 Years	3 to 5 Years	6 to 10 Years	11 to 20 Years	21 to 30 Years	31 to 40 Years	41 to 50 Years
Lower Limit	0%	0%	0%	0%	0%	0%	0%	0%
Upper Limit	10%	10%	20%	20%	40%	40%	40%	50%
Actual	1%	4%	3%	4%	15%	11%	20%	42%

- (c) The Council's sums invested for periods longer than 364 days at 30 June 2015 were:

	Prudential Limit	Quarter 3 Actual
	£m	£m
Maturing after 31/3/2016	243	126
Maturing after 31/3/2017	231	45
Maturing after 31/3/2018	228	5

- (d) The Council's fixed interest rate exposure at 30 June 2015 was £228m, ie. the Council had net fixed interest rate borrowing of £228m. This is within the Council's approved limit of £304m.
- (e) The Council's variable interest rate exposure at 30 June 2015 was (£258m), ie. the Council had net variable interest rate investments of £258m. This is within the Council's approved limit of (£278m).

3. Background

The Council's investment portfolio has increased by £83.8m from £321.9m to £405.7m. This resulted in up to £85m being invested in AAA rated money market funds and 1 month UK Government Treasury Bills which paid interest of between 0.33% and 0.42% until it was possible to invest these funds for a longer term at higher interest rates. This also resulted in the Council being invested up to its limits in Australia and Asia, and continental Europe and being within £20m of its variable interest rate exposure limit, ie. its limit for net variable interest rate investments. Despite this the Council has been able to reduce its investments in other local authorities by £32.5m from £161.5m to £129m. Local authorities are currently typically offering 0.5% for a year or 0.9% for two years compared to 1.05% for a year or 1.30% for two years from other borrowers.

4. Reasons for Recommendations

Base rate remains at 0.5% and is likely to remain so until at least the first quarter of 2016. The Governor of the Bank of England, Mark Carney, has repeatedly stated that increases in Bank Rate will be slow and gradual. The Council's treasury management investment portfolio consists entirely of interest bearing deposits and tradable instruments, and generated an average return of 0.74% in 2013/14 and 0.76% in 2014/15.

There is potential to generate higher returns and to diversify the investment portfolio through the purchase commercial property either directly or through a commercial property fund. On 7 July the Council approved the creation of a £30m Property Investment Fund funded through the capital programme. It is therefore recommended that equity trackers be purchased to generate higher returns on the Council's Treasury Management investments and diversify the portfolio. This will prevent the Council becoming increasingly exposed to the commercial property market.

The Council would purchase equity trackers which follow the developed stock markets with a floor of 100% of the capital invested, ie. the Council's capital is guaranteed. In order to have the floor, these instruments would either have a cap, ie. maximum return, or a reduced participation rate, ie. the Council would only benefit from a proportion of stock market growth. It is envisaged that these investments would have a term of five years. Equity trackers have the potential to generate returns that are significantly greater than interest bearing investments, but do carry the risk of not generating a return if the value of equities does not increase and a greater credit risk due to the length of the investment which would be unsecured. It is therefore necessary to amend the investment strategy to permit investments in excess of 2 years that are unsecured. Equity trackers would be purchased from banks that meet the Council's investment criteria and the investment would count against the bank's investment limit. It is recommended that investments in equity trackers be limited to £70m to prevent the Council's exposure to the equity markets becoming excessive.

It is recommended that the variable interest rate exposure limit be increased by (£70m) from (£278m) to (£348m), ie. that the limit for net variable interest rate investments be increased to £348m. This is necessary to reflect the increased in the size of the Council's investment portfolio, and to allow equity trackers, which offer a variable return, and further floating rate notes to be purchased. Floating rate notes pay a margin over a published interest rate, often the 3 month London inter-bank offer rate (LIBOR), and allow the Council to gain exposure to any movements in interest rates. With interest rates being so low, 3 month LIBOR is currently 0.58%, there is more potential for interest rates to go up rather than down and there is only a very limited scope for interest rates to fall.

It is also proposed to increase the geographic limits in order to reflect the increasing size of the portfolio in the current and previous years.

5. Equality impact assessment (EIA)

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

6. Legal Implications

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

7. Finance comments

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

.....
Signed by Director of Finance & Information Services and Section 151 Officer

Appendices:

Appendix A: Treasury Management Monitoring Report

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:

	<u>Title of document</u>	Location
1	Treasury Management Files	Financial Services
2		

The recommendation(s) set out above were approved/ approved as amended/ deferred/ rejected by the City Council on 13 October 2015.

.....
Signed by: the Leader of the Council

**TREASURY MANAGEMENT MONITORING REPORT FOR THE FIRST QUARTER OF
2015/16**

1. GOVERNANCE

The Treasury Management Policy Statement, Annual Minimum Revenue Provision for Debt Repayment Statement and Annual Investment Strategy approved by the City Council on 17 March 2015 provide the framework within which treasury management activities are undertaken.

2. ECONOMIC BACKGROUND

After strong UK GDP growth in 2013 at an annual rate of 2.7% and 3.0% in 2014, quarter 1 of 2015 was disappointing at only 0.4%, though subsequent data indicates that this could well be revised up further down the line and also indicates a return to stronger growth in quarter 2. In its May quarterly Inflation Report, the Bank of England reduced its GDP forecast for 2015 from 2.9% to 2.5% and from 2.9% to 2.7% in 2016, while increasing its forecast for 2017 from 2.4% to 2.7%.

Uncertainty around the likely result of the UK general election in May has obviously now evaporated although this has been replaced by some uncertainty around the potential impact on the UK economy of the EU referendum promised by, or in, 2017. In addition, the firm commitment of the Government to eliminating the deficit within the term of this Parliament will have an impact on GDP growth rates. However, the Monetary Policy Committee (MPC) is fully alert to this and will take that into account, and also the potential spillover effects from the Greek crisis, in making its decisions on the timing of raising Bank Rate.

As for the American economy, confidence has improved markedly in this quarter that the US will start increasing the Fed funds rate by the end of 2015 due to a return to strong economic GDP growth after a disappointing start to the year in quarter 1, (a contraction of 0.2%), after achieving 2.4% growth in 2014.

In January 2015, the European Central Bank (ECB) started unleashing a massive €1.1 trillion programme of quantitative easing to buy up high credit quality government and other debt of selected EZ countries. This programme of €60bn of monthly purchases started in March 2015 and it is intended to run initially to September 2016. This already appears to have had a positive effect in helping a recovery in consumer and business confidence and a start to a significant improvement in economic growth, though it remains to be seen whether this will have an enduring effect as strong as the recovery in the US and UK.

3. INTEREST RATE FORECAST

The Council's treasury advisor, Capita Asset Services, has provided the following forecast:

	Sep-15	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18
Bank rate	0.50%	0.50%	0.50%	0.75%	0.75%	1.00%	1.00%	1.25%	1.50%	1.50%	1.75%
5yr PWLB rate	2.30%	2.40%	2.50%	2.60%	2.80%	2.90%	3.00%	3.10%	3.20%	3.30%	3.40%
10yr PWLB rate	2.90%	3.00%	3.20%	3.30%	3.40%	3.50%	3.70%	3.80%	3.90%	4.00%	4.10%
25yr PWLB rate	3.60%	3.70%	3.80%	4.00%	4.10%	4.20%	4.30%	4.40%	4.40%	4.50%	4.60%
50yr PWLB rate	3.60%	3.70%	3.80%	4.00%	4.10%	4.20%	4.30%	4.40%	4.40%	4.50%	4.60%

Capita Asset Services undertook a review of its interest rate forecasts after the May Bank of England Inflation Report. The ECB's quantitative easing programme to buy up EZ debt caused an initial widespread rise in bond prices and, correspondingly, a fall in bond yields to phenomenally low levels, including the debt of some European countries plunging into negative yields. Since then, fears about recession in the EZ, and around the risks of deflation, have abated and so there has been an unwinding of this initial phase with bond yields rising back to more normal, though still historically low yields.

The Governor of the Bank of England, Mark Carney, indicated that the first increase in Bank Rate is likely to be in quarter 1 of 2016 although he has repeatedly stated that increases in Bank Rate will be slow and gradual. The MPC is concerned about the impact of increases on many heavily indebted consumers, especially when average disposable income is only just starting a significant recovery as a result of recent increases in the rate of wage inflation, though some consumers will not have seen that benefit come through for them.

4. NET DEBT

The Council's net borrowing position excluding accrued interest at 30 June 2015 was as follows:

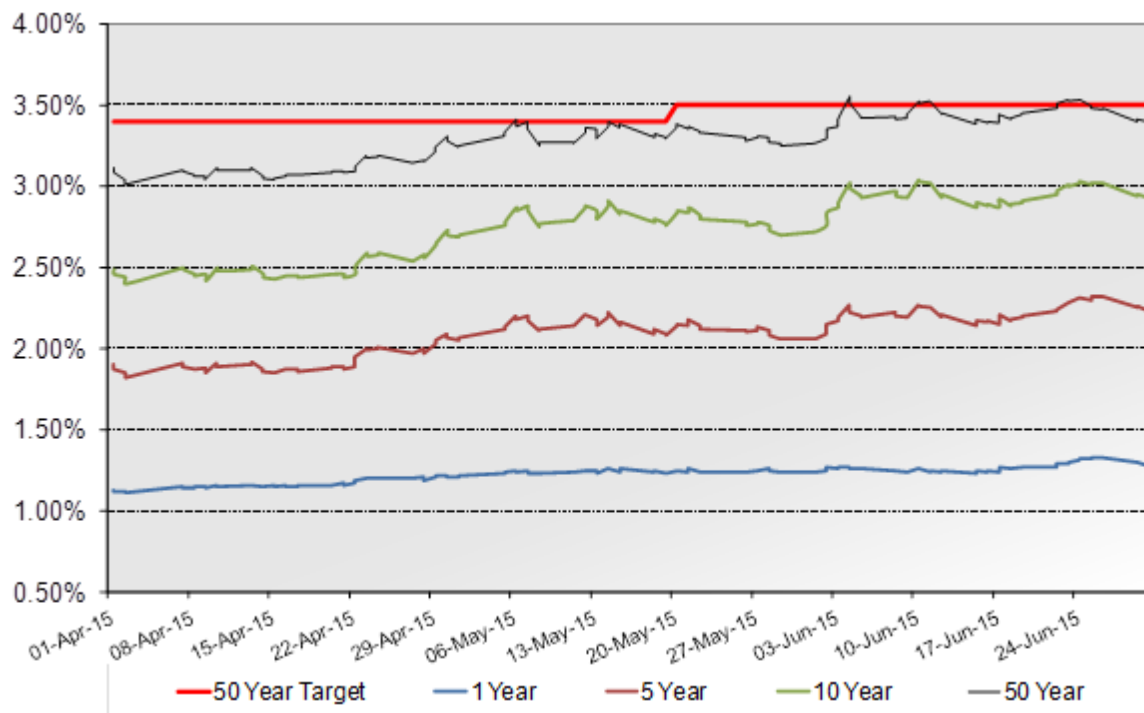
	1 April 2015	30 June 2015
	£'000	£'000
Borrowing	376,471	375,629
Finance Leases	3,027	2,862
Service Concession Arrangements (including PFIs)	83,068	82,828
Gross Debt	462,566	461,319
Investments	(321,917)	(405,708)
Net Debt	140,649	55,611

The Council has a high level of investments relative to its gross debt due to a high level of reserves, partly built up to meet future commitments under the Private Finance Initiative schemes and future capital expenditure. However these reserves are fully committed and are not available to fund new expenditure. The £84m of borrowing taken in 2011/12 to take advantage of the very low PWLB rates and the receipt of £48.8m of City Deal Grant on 28 March 2014 together with £25m of new borrowing taken out in November have also temporarily increased the Council's cash balances.

The current 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. In the interim period where investments are high because loans have been taken in advance of need, there is also a short term risk that the rates (and therefore the cost) at which money has been borrowed will be greater than the rates at which those loans can be invested. The level of investments will fall as capital expenditure is incurred and commitments under the Private Finance Initiative (PFI) schemes are met.

5. BORROWING ACTIVITY

PWLB Certainty Rates for first quarter of 2015/16 are shown in then graph below:



PWLB rates have been on a generally rising trend.

No borrowing was undertaken in the first quarter of 2015/16.

The Council's debt at 30 June was as follows:

Prudential Indicator 2015/16	Limit £m	Position at 30/6/15 £m
Authorised Limit	503	461
Operational Boundary	484	461

The operational boundary is intended to warn the Section 151 Officer and the Council if there is a possibility of the authorised limit being exceeded. The operational boundary differs from the authorised limit in that it is based on expectations of the maximum external debt of the authority according to probable, not simply possible, events and is consistent with the maximum level of external debt projected by the Council's estimates.

6. MATURITY STRUCTURE OF BORROWING

In recent years the cheapest loans have often been very long loans repayable at maturity.

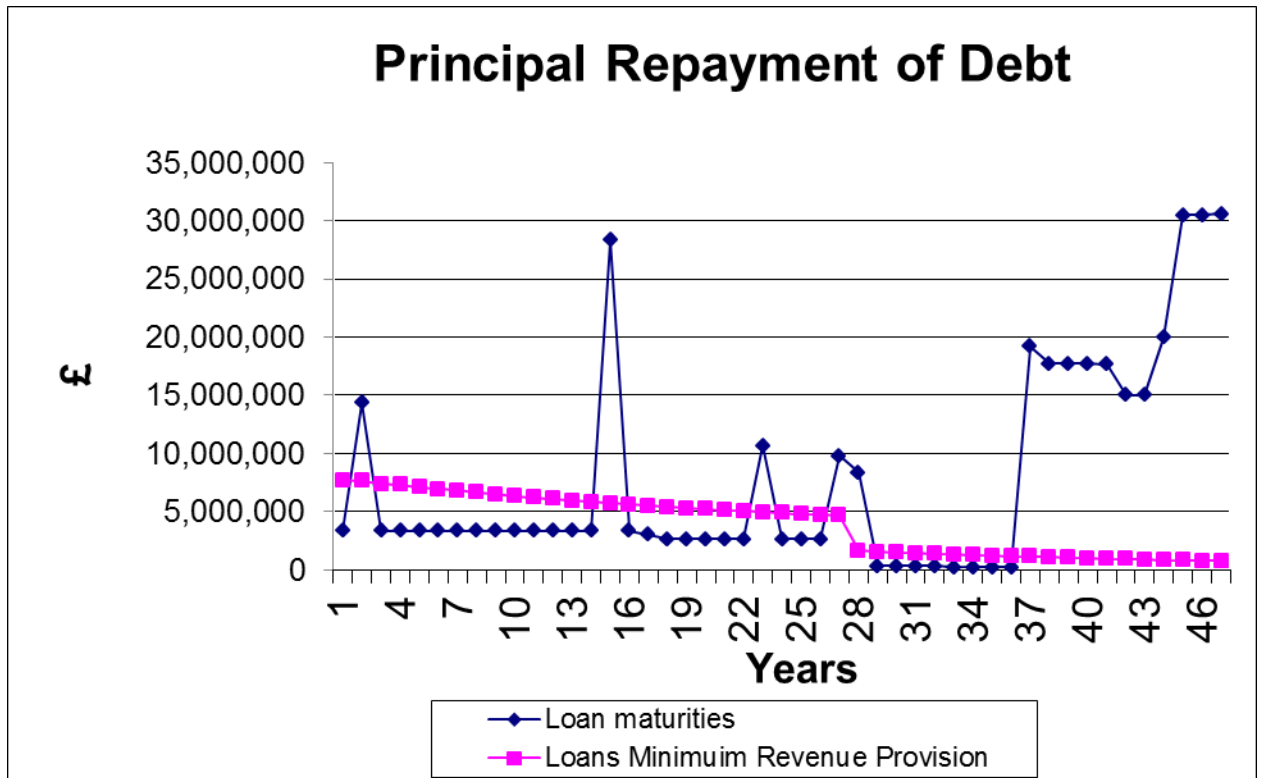
During 2007/08 the Council rescheduled £70.8m of debt. This involved repaying loans from the Public Works Loans Board (PWLB) early and taking out new loans from the PWLB with longer maturities ranging from 45 to 49 years. The effect of the debt restructuring was to reduce the annual interest payable on the Council's debt and to lengthen the maturity profile of the Council's debt.

£50m of new borrowing was taken in 2008/09 to finance capital expenditure. Funds were borrowed from the PWLB at fixed rates of between 4.45% and 4.60% for between 43 and 50 years.

A further £173m was borrowed in 2011/12 to finance capital expenditure and the HRA Self Financing payment to the Government. Funds were borrowed from the PWLB at rates of between 3.48% and 5.01%. £89m of this borrowing is repayable at maturity in excess of 44 years. The remaining £84m is repayable in equal instalments of principal over periods of between 16 and 26 years.

As a result of interest rates in 2007/08 when the City Council rescheduled much of its debt and interest rates in 2008/09 and 2011/12 when the City Council undertook considerable new borrowing 62% of the City Council's debt matures in over 30 years time.

The Government has issued guidance on making provision for the repayment of debt which the Council is legally obliged to have regard to. The City Council is required to make greater provision for the repayment of debt in earlier years. Therefore the City Council is required to provide for the repayment of debt well in advance of it becoming due. This is illustrated in graph below.



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 sections 8 and 10). The City Council could reschedule its debt, but unless certain market conditions exist at the time, premium payments have to be made to lenders.

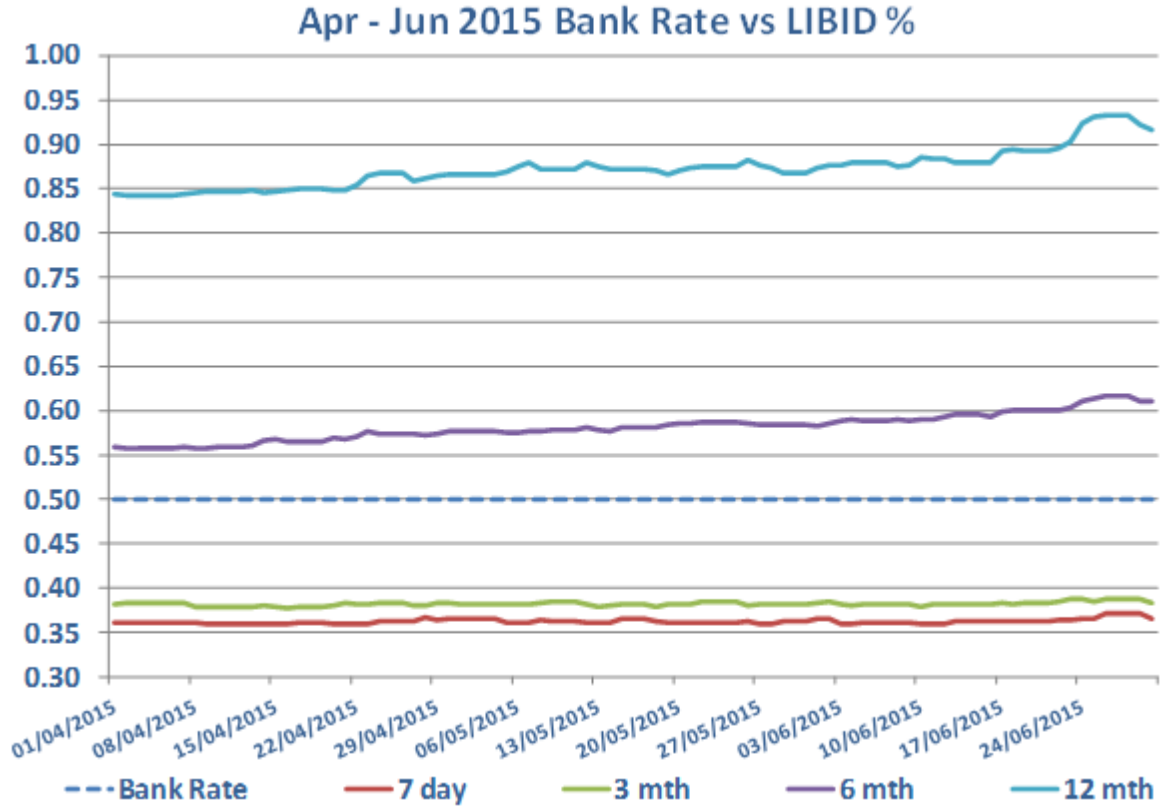
CIPFA’s Treasury Management in the Public Services Code of Practice which the City Council is legally obliged to have regard to requires local authorities to set upper and lower limits for the maturity structure of their borrowing. The limits set by the City Council on 17 March 2015 together with the City Councils actual debt maturity pattern are shown below.

	Under 1 Year	1 to 2 Years	3 to 5 Years	6 to 10 Years	11 to 20 Years	21 to 30 Years	31 to 40 Years	41 to 50 Years
Lower Limit	0%	0%	0%	0%	0%	0%	0%	0%
Upper Limit	10%	10%	20%	20%	40%	40%	40%	50%
Actual	1%	4%	3%	4%	15%	11%	20%	42%

7. INVESTMENT ACTIVITY

In accordance with the Code, it is the Council’s priority to ensure security of capital and liquidity, and to obtain an appropriate level of return which is consistent with the Council’s risk appetite.

Short term market interest rates for the first quarter of 2015/16 are shown in the graph below:



There has been a slight increase in short term market interest rates in excess of 6 months in the first quarter of 2015/16.

The Council's investment portfolio has increased by £83.8m from £321.9m to £405.7m. This resulted in up to £85m being invested in AAA rated money market funds and 1 month UK Government Treasury Bills which paid interest of between 0.33 and 0.42% until it was possible to invest these funds for a longer term at higher interest rates. This caused the average return on the Council's investments to fall from 0.76% in 2014/15 to 0.68% in the first quarter of 2015/16. This also resulted in the Council being invested up to its limits in Australia and Asia, and continental Europe. Despite this the Council has been able to reduce its investments in other local authorities by £32.5m from £161.5m to £129m. Local authorities are currently typically offering 0.5% for a year or 0.9% for two years compared to 1.05% for a year or 1.30% for two years from other borrowers.

The Council's budgeted investment return for 2015/16 is £2,297k, and performance for the year to date is in line with the budget.

8. SECURITY OF INVESTMENTS

The risk of default has been managed through investing only in financial institutions that meet minimum credit ratings, limiting investments in any institution to £26m and spreading investments over countries and sectors.

The 2015/16 Treasury Management Policy approved by the City Council on 17 March 2015 only permits deposits to be placed with the Council's subsidiaries, namely MMD (Shipping Services) Ltd, the United Kingdom Government, other local authorities, certain building societies, Hampshire Community Bank, and institutions that have the following credit ratings:

Short Term Rating

F2 (or equivalent) from Fitch, Moody's (P-3) or Standard and Poor (A-3)

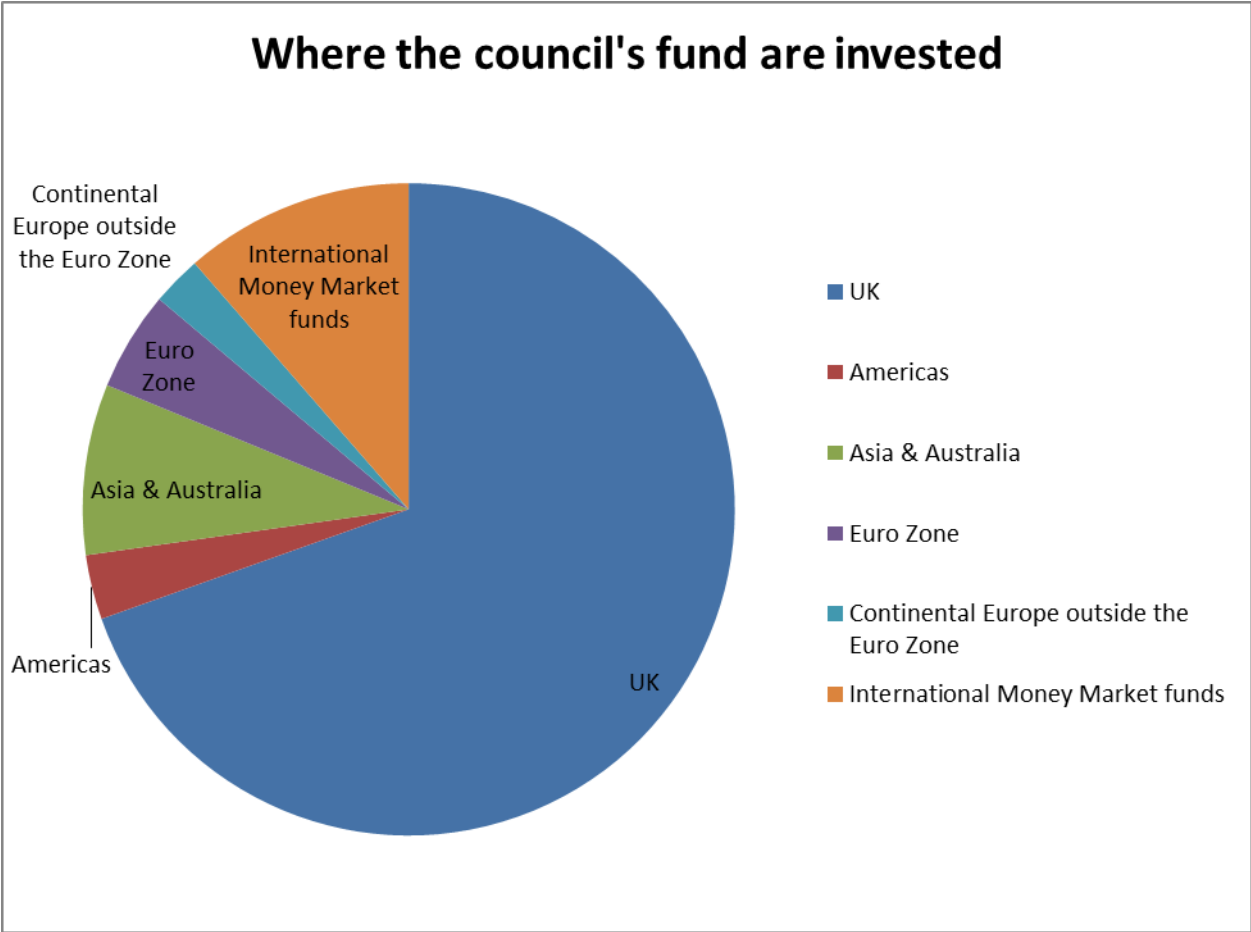
Long Term Rating

Triple B (triple BBB category) or equivalent from Fitch, Moody's or Standard & Poor

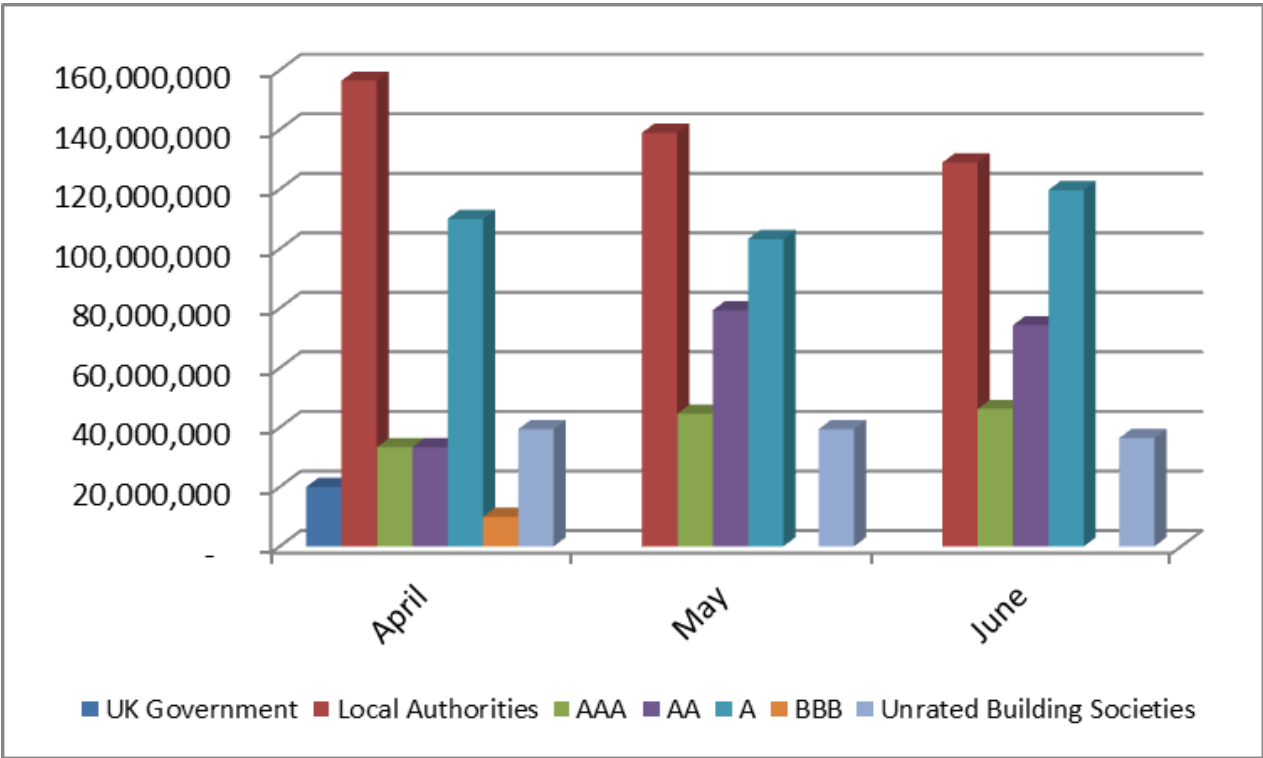
Under the Council's Annual Investment Strategy counter parties are categorised by their credit ratings for the purposes of assigning investment limits.

At 30 June 2015 the City Council had on average £6.2m invested with each institution.

The chart below summarises where the Council's funds were invested at 30 June.



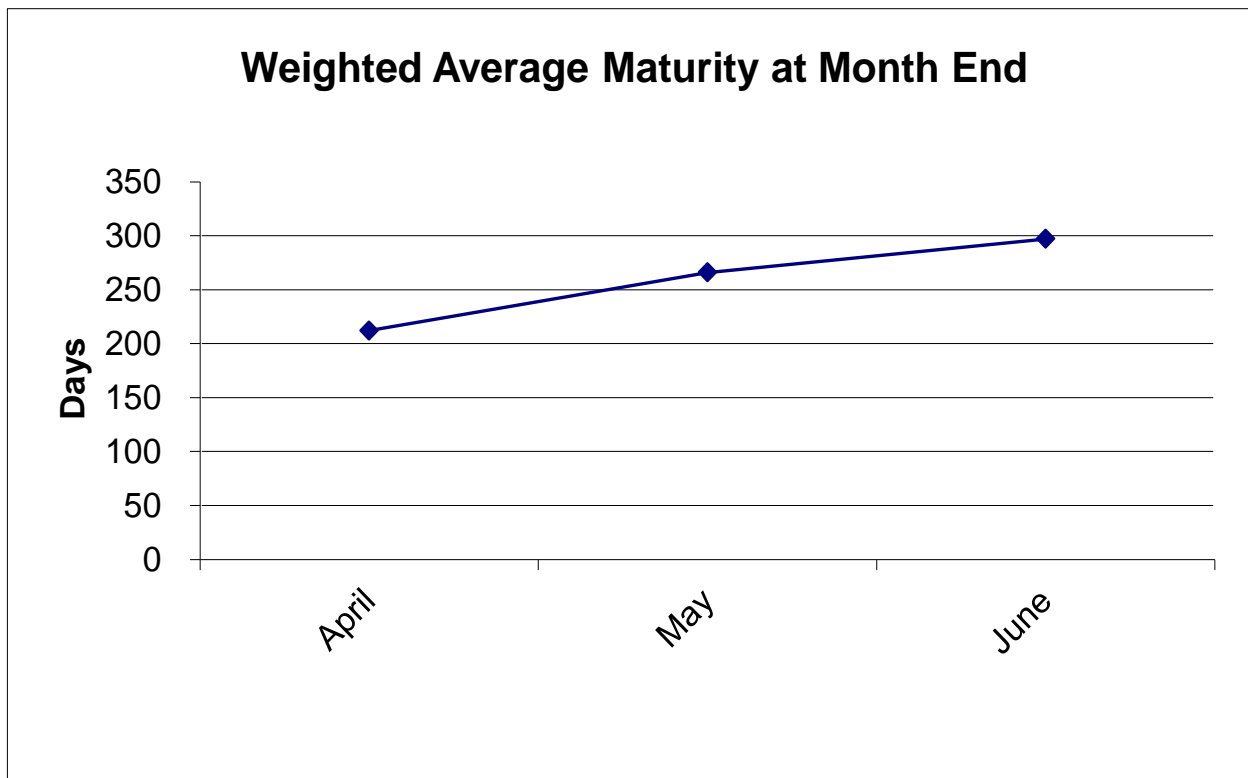
The chart below shows how the Council's investment portfolio has changed in terms of the credit ratings of investment counter parties over the first three months of 2015/16.



It can be seen from the graph above that investments in local authorities have declined over the first three months of 2015/16. These investments have largely been replaced by investments in A and AA rated counter parties which generally offer a better return than investments in local authorities.

9. LIQUIDITY OF INVESTMENTS

The weighted average maturity of the City Council's investment portfolio started at 212 days in April and increased to 297 days in June as suitable investments opportunities became available for the increased level of cash in the first quarter of the year. This is shown in the graph below.



The 2015/16 Treasury Management Policy seeks to maintain the liquidity of the portfolio, ie. the ability to liquidate investments to meet the Council's cash requirements, through maintaining at least £10m in instant access accounts. At 30 June £46.2m was invested in instant access accounts. Whilst short term investments provide liquidity and reduce the risk of default, they do also leave the Council exposed to falling interest rates.

Under CIPFA's 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 in order to ensure that sufficient money can be called back to meet the Council's cash flow requirements. The Council's performance against the limits set by the City Council on 17 March 2015 is shown below.

Maturing after	Limit	Actual
	£m	£m
31/3/2016	243	126
31/3/2017	231	45
31/3/2018	228	5

10. INTEREST RATE RISK

This is the risk that interest rates will move in a way that is adverse to the City Council's position.

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. Fixed interest rate borrowing exposes the Council to the risk that interest rates could fall and the Council will pay more interest than it need have done. Long term fixed interest rate investments expose the Council to the risk that interest rates could rise and the Council will receive less income than it could have received. However fixed interest rate exposures do avoid the risk of budget variances caused by interest rate movements. The Council's performance against the limits set by the City Council on 17 March 2015 is shown below.

	Limit	Actual
	£m	£m
Maximum Projected Gross Borrowing – Fixed Rate	395	376
Minimum Projected Gross Investments – Fixed Rate	(91)	(148)
Fixed Interest Rate Exposure	304	228

The CIPFA Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes also require local authorities to set upper limits for variable interest rate exposures. Variable interest rate borrowing exposes the Council to the risk that interest rates could rise and the Council's interest payments will increase. Short term and variable interest rate investments expose the Council to the risk that interest rates could fall and the Council's investment income will fall. Variable interest rate exposures carry the risk of budget variances caused by interest rate movements. The Council's performance against the limits set by the City Council on 17 March 2015 is shown below.

	Current Limit £m	Revised Limit £m	Actual £m
Minimum Projected Gross Borrowing – Variable Rate	-	-	-
Maximum Projected Gross Investments – Variable Rate	(278)	(358)	(258)
Variable Interest Rate Exposure	(278)	(358)	(258)

The City Council is particularly exposed to interest rate risk because all the City Council's debt is made up of fixed rate long term loans, but most of the City Council's investments are short term. Future movements in the Bank Base Rate tend to affect the return on the Council's investments, but leave fixed rate long term loan payments unchanged. However, this risk is limited by the very low market interest rates available for investments.

The risk of a 0.5% increase in interest rates to the Council is as follows:

<u>Effect of +/- 0.5% Rate Change</u>	2015/16 £'000	2016/17 £'000	2017/18 £'000
Long Term Borrowing	-	2	55
Investment Interest	(968)	(1,450)	(1,855)
Net Effect of +/- 0.5% Rate Change	(968)	(1,448)	(1,800)

Agenda Item 13

Revenue Budget Monitoring 2015/16 1st Quarter to end June 2015 (Cabinet minute 60 refers)

RECOMMENDED

(i) The forecast outturn position for 2015/16 be noted:

(a) An overspend of £5,247,800 before further forecast transfers from/(to) Portfolio Specific Reserves

(b) An overspend of £5,381,100 after further forecast transfers from/(to) Portfolio Specific Reserves.

(ii) Members note that any actual overspend at year end will in the first instance be deducted from any Portfolio Specific Reserve balance and once depleted then be deducted from the 2016/17 Cash Limit.

(iii) Directors, 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 2016/17 Portfolio cash limit will be managed to avoid further overspending during 2016/17.

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Decision maker: Cabinet 24th September 2015
City Council 13th October 2015

Subject: Revenue Budget Monitoring 2015/16 (1st Quarter) to end June 2015

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 first quarter for 2015/16 in accordance with the proposals set out in the "Portsmouth City Council - Budget & Council Tax 2015/16 & Medium Term Budget Forecast 2016/17 to 2018/19" report approved by the City Council on the 10th February 2015.

2. Recommendations

2.1 It is recommended that:

- (i) The forecast outturn position for 2015/16 be noted:
 - (a) An overspend of £5,247,800 before further forecast transfers from/(to) Portfolio Specific Reserves
 - (b) An overspend of £5,381,100 after further forecast transfers from/(to) Portfolio Specific Reserves.
- (ii) Members note that any actual overspend at year end will in the first instance be deducted from any Portfolio Specific Reserve balance and once depleted then be deducted from the 2016/17 Cash Limit.
- (iii) Directors, 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 2016/17 Portfolio cash limit will be managed to avoid further overspending during 2016/17.

3. Background

3.1 A Budget for 2015/16 of £168,340,900 was approved by City Council on the 10th February 2015. This level of spending required a contribution from General Reserves of £1.15m since in year spending exceeds in year income.

3.2 Since the 10th February City Council meeting, the Council has been allocated additional one off non ring-fenced grants totalling £788,400 in 2015/16. In order to achieve the government's priorities in these areas, service budgets have been adjusted as appropriate. In addition, the adjusted budget includes £332,000 grant income relating to an improvement in the Final 2015/16 Local Government Settlement and a transfer from the Parking Reserve in respect of overheads and insurances chargeable to the On-Street Parking Service.

3.3 In summary, changes to the budget as approved on 10th February 2015 are as follows:

	£
Budget Approved 10 th February 2015	168,340,900
Transformation Challenge Award (Up to You)	305,000
Independent Living Fund	388,400
Deprivation of Liberties	95,000
Transfer From Parking Reserve	(100,000)
Adjusted 2015/16 Budget	169,029,300

3.4 Once the above budget changes are taken into account, the Budget (as adjusted) for 2015/16 has increased to £169,029,300. After the additional non ring fenced grant funding is taken into account this results in an overall contribution from General Reserves of £0.718m for 2015/16 (i.e. assuming no overall budget variance).

3.5 This is the first quarter monitoring report of 2015/16 and reports on the forecast 2015/16 outturn as at the end of June 2015. 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.

3.6 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.

3.7 The Financial Pack attached at Appendix A has been prepared in Portfolio format and is similar in presentation, but not the same as, the more recognisable "General Fund Summary" presented as part of the Budget report approved by Council on 10th February 2015. The format presented at Appendix A has been amended to aid understandability for monitoring purposes by excluding all non cash items which have a neutral effect on the City Council's budget such as Capital Charges. In addition to this, Levies and Insurances are shown in total and have therefore been separated from Portfolios to also provide greater clarity for monitoring purposes.

4 Forecast Outturn 2015/16 – As at end June 2015

4.1 At the first quarter stage, the revenue outturn for 2015/16 after further forecast transfers from/to Portfolio Specific Reserves (Underspends are retained by right) is forecast to be overspent by £5,381,100 representing an overall budget variance of 3.2%.

4.2 The quarter 1 variance consists of a number of forecast under and overspends.

The most significant overspendings at the quarter 1 stage are:

	Quarter 1 Forecast Variance	Quarter 1 Forecast Variance (After Transfers From Portfolio Reserves)
	£	£
Children and Education	2,312,200	2,312,200
Health and Social Care	2,926,500	2,902,700
PRED	292,100	Nil
Other Expenditure	650,000	650,000

These are offset by the following significant forecast underspends at the quarter 1 stage:

	Quarter 1 Forecast Variance	Quarter 1 Forecast Variance (After Transfers To Portfolio Reserves)
	£	£
Commercial Port	208,600	Nil
Asset Management Revenue Account	450,300	450,300

5 Quarter 1 Significant Budget Variations – Forecast Outturn 2015/16

5.1 Children and Education – Overspend £2,312,200 (or 7.6%)

The cost of Children and Education Services is forecast to be £2,312,200 higher than budgeted.

The key variances are:

- Home to school and college transport is forecasting an overspend of £206,000 due to the number of children being supported. New transport

policies were implemented from September 2014 and the cost of travel compared to 2013/14 has already reduced.

- Looked After Children is forecasting an overspend of £1,734,600.
 - Whilst the continuing review of placements and placement plans has produced a reduction in external residential numbers in the first part of this year, this has not yet matched budgeted numbers. Similarly numbers in Independent Fostering placements are also reducing but at a slower rate than planned and in house placements continue to rise (£965,000).
 - In addition staffing costs are currently projected to exceed the budget provision by around £420,000, largely as a result of the loss of one-off funding allocations which have not been able to be matched with similar spending reductions or savings arising from reduced placement numbers as anticipated.
 - The added focus on Adoption Support, in line with the government's adoption agenda, to move children into permanent arrangements has led to an anticipated pressure of £170,000 associated with the purchase of placements. It is possible that this may be reduced following the recent announcement by the Government that they will pay the inter-agency fee for the next twelve months (from 8th July 2015) for a targeted group of children. The impact of this announcement is currently being assessed.
 - A further £108,000 projected overspend relates to savings proposals on income generation that are proving difficult to implement, £40,000 of which relates to the decision not to pursue parental contributions (means tested contributions in respect of placements under s.20 of the Children's Act 1989)
- Safeguarding & Monitoring is forecasting an overspend of £259,400. Of this £52,000 relates to a reduction in budget arising from an anticipated improvement in service absence management. A further £123,000 relates to the delayed implementation of savings plans together with increased recharges and a further £40,000 is as a result of the enhancement of contracted Family Group conferencing and Information governance arrangements.
- Youth Support Activities are forecast to overspend by £135,000. This projected overspend is predominantly related to Care Leavers accommodation and allowance payments related to the current numbers of care leavers.

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 £2,926,500 (6.8%) or After Transfer From Portfolio Reserve £2,902,700 (6.7%)

The cost of Health & Social Care is forecast to be £2,926,500 higher than budgeted.

The key variances are:

- Greater demand for older persons domiciliary care and delays in the implementation of savings proposals has resulted in a forecast overspend within Physical Support services of £1,861,200.
- An increased volume of clients transitioning from Children's Services coupled with a delay in the initiation of a review of day care services and ongoing funding claims from other Local Authorities under the 'ordinary residence ruling' has resulted in a forecast overspend within the Learning Disability Support Service of £1,028,100.

5.3 PRED – Overspend £292,100 or (14.8%) (No variance after transfers from Portfolio Reserves)

The cost of Planning, Regeneration and Economic Development is forecast to be £292,000 higher than budgeted.

Overspends:

- As a result of reduced manufacturing income and reduced employment and training contract income PCMI is forecasting an over spend of £99,000.
- Following a decision by the Skills Funding Agency to reduce college funding by 25% colleges have not renewed their training sub contracts. As a result Community Learning and Pride in Pompey are forecasting an overspend of £148,000
- Lower rental income across the property portfolio following rent reviews and asset disposals had resulted in a reduction in income of £230,000.

Underspends:

- Planning income is forecast to be £100,000 higher than originally budgeted due to large additional developments within the city
- As a result of increased occupancy levels Enterprise Centres are forecast to receive additional income rental income of £68,000

5.4 Other Expenditure – Overspend £650,000 (or 4.00%)

MMD trading results are not improving as quickly as originally expected, although the overall financial position relating to MMD activities continues to exceed the breakeven position.

5.5 PRED (Port) – Underspend £208,600 (or 4.6%) (No variance after transfers to Portfolio Reserves)

Overall net income from the Port is forecast to be £208,600 above target income.

The improvement over the target net income is as a result of:

- Increased operational dues following the introduction of the new Transfennica and Brittany Ferries Etretat services coupled with a reduction Operational Employee, security and berthing costs offset by;
- Higher Management and General Expenses as a result of the provision of consultant advice to mitigate risk attached to an IT project.

5.6 Asset Management Revenue Account – Underspend £450,300 (or 1.9%)

This budget funds all of the costs of servicing the City Council's long term debt portfolio that has been undertaken to fund capital expenditure. It is also the budget that receives all of the income in respect of the investment of the City Council's surplus cash flows. As a consequence, it is potentially a very volatile budget particularly in the current economic climate and is extremely susceptible to both changes in interest rates as well as changes in the Council's total cash inflows and outflows.

The forecast underspend relates to:

Increased interest earned due to higher cash balances than originally expected, interest rates and a reduced level of contingency to guard against interest rate fluctuations.

Increased investment returns arising from an active shift in the portfolio towards both higher yielding and longer term investments.

6 Other Minor Budget Variations – Forecast Outturn 2015/16

6.1 Culture, Leisure & Sport – Minor Underspend £21,000 (or 0.3%)

6.2 Environment & Community Safety – Minor Overspend £5,400

6.3 Housing – No Forecast Variance

6.4 Leader – Minor Overspend £4,500 (or 2.1%)

6.5 Resources – Minor Underspend £89,500 (or 0.4%)

Approved budget reductions relating to additional income from the HRA totalling £147,200 are still being identified. This overspend is offset by underspending across the Portfolio primarily as a result of posts being held vacant pending service reviews.

6.6 Traffic & Transportation – Minor Underspend £42,500 (or 0.3%)

6.7 Licensing Committee – No Forecast Variance

6.8 Governance and Audit Committee – Minor Underspend £97,500 (or 43.4%)

The principle reason for the forecast underspend is higher income than budgeted of £102,000 within the Registrars Service due to increased income generated from new initiatives and higher demand for existing services.

6.9 Levies – Minor Underspend £33,500 (or 3.7%)

6.10 Insurance – No Forecast Variance

7. Transfers From/To Portfolio Specific Reserves

In November 2013 Full Council approved the following changes to the Council's Budget Guidelines and Financial Rules:

- Each Portfolio to retain 100% of any year-end underspending and to be held in an earmarked reserve for the relevant Portfolio
- The Portfolio Holder be responsible for approving any releases from their reserve in consultation with the Section 151 Officer
- That any retained underspend (held in an earmarked reserve) be used in the first instance to cover the following for the relevant portfolio:
 - i. Any overspendings at the year-end
 - ii. Any one-off Budget Pressures experienced by a Portfolio
 - iii. Any on-going Budget Pressures experienced by a Portfolio whilst actions are formulated to permanently mitigate or manage the implications of such on-going budget pressures
 - iv. Any items of a contingent nature that would historically have been funded from the Council's corporate contingency provision
 - v. Spend to Save schemes, unless they are of a scale that is unaffordable by the earmarked reserve (albeit that the earmarked reserve may be used to make a contribution)
- Once there is confidence that the instances i) to v) above can be satisfied, the earmarked reserve may be used for any other development or initiative

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

Portfolio/Committee Reserve	Balance Brought Forward £	Approved Transfers 2015/16 £	Forecast Under/ (Over) Spending £	Balance Carried Forward £
Children & Education	42,000	(42,000)	0	0
Culture, Leisure & Sport	409,800	0	21,000	430,800
Environment & Community Safety	1,241,300	0	(5,400)	1,235,900
Health & Social Care	730,700	(706,900)	(23,800)	0
Housing	541,700	0	0	541,700
Leader	6,900	0	(4,500)	2,400
PRED	919,400	0	(292,100)	627,300
Port	879,900	0	208,600	1,088,500
Resources	1,397,600	(435,200)	89,500	1,051,900
Traffic & Transportation	32,700	0	42,500	75,200
Licensing	0	0	0	0
Governance, Audit & Standards	255,300	0	97,500	352,800
Total	6,457,300	(1,184,100)	133,300	5,406,500

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

8. Conclusion - Overall Finance & Performance Summary

- 8.1 The overall forecast outturn for the City Council in 2015/16 as at the end of June 2015 is forecast to be £174,410,400. This is an overall overspend of £5,381,100 against the Amended Budget and represents a variance of 3.2%.
- 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 “red” since the forecast outturn is higher than budget.
- 8.4 In financial terms, the forecast overspend within the Children & Education and Health and Social Care Portfolios represent the greatest concerns in terms of the impact that they have on the overall City Council budget for 2015/16. Furthermore, a significant proportion of the overspend is of an ongoing nature representing an underlying deficit. Consequently, it is recommended that Directors work with the relevant portfolio holder to consider measures to significantly reduce or eliminate the adverse budget position presently being forecast by these Portfolios, and any necessary decisions presented to a future meeting of the relevant portfolio.
- 8.5 In terms of the overall budget position for 2015/16, the Council has set aside funding within the Contingency Provision to guard against potential overspending. So, whilst the forecast of overspend of £5.4m in the current year can be mitigated to a large extent, this underlying deficit will need to be addressed in 2016/17.

- 8.6 Where a Portfolio is presently forecasting a net overspend in accordance with current Council policy, any overspending in 2015/16 which cannot be met by transfer from the Portfolio Specific Reserve will be deducted from cash limits in 2016/17 and therefore the appropriate Directors in consultation with Portfolio Holders should prepare an action plan outlining how their 2015/16 forecast outturn or 2016/17 budget might be reduced to alleviate the adverse variances currently being forecast.
- 8.7 Based on the Budget (as adjusted) of £174,410,400 the Council will remain within its minimum level of General Reserves for 2015/16 of £6.5m as illustrated below:

	<u>£m</u>
General Reserves brought forward @ 1/4/2015	14.864
<u>Less:</u>	
Forecast Overspend 2015/16	(5.381)
<u>Add:</u>	
Planned Contribution from General Reserves 2015/16	(0.718)
Contingency Provision to guard against overspending	4.134
Forecast General Reserves carried forward into 2016/17	12.899

Levels of General Reserves over the medium term are assumed to remain within the Council approved minimum sum of £6.5m in 2015/16 and future years since any ongoing budget pressures / savings will be reflected in future years' savings targets.

- 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 currently no specific requests for additional resourcing within this report to ensure that targets are achieved or objectives met, in the future, resources are more likely to pose a risk to future delivery and this ought to be considered in the context of all other current and emerging budget pressures and evaluated in context with each other.

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.

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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
Budget & Council Tax 2015/16 & Medium Term Budget Forecast 2016/17 to 2018/19	Office of Deputy Head of Finance & Section 151 Officer
Electronic Budget Monitoring Files	Financial Services Local Area Network

The recommendations set out above were:

Approved / Approved as amended / Deferred / Rejected by the Cabinet on 24th September, 2015

Signed:

Approved / Approved as amended / Deferred / Rejected by the City Council on 13th October, 2015

Signed:

**FINANCIAL & SERVICE
PERFORMANCE**

**QUARTER 1
2015/16**

INFORMATION PACK

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FINANCIAL AND SERVICE PERFORMANCE MONTH ENDING JUNE 2015

MONTHLY BUDGET MONITORING STATEMENT - CASH LIMIT 2015/16	
PORTFOLIO	City Council General Fund
BUDGET	Total General Fund Expenditure
<hr/>	
TOTAL CASH LIMIT	169,029,300
<hr/>	
CHIEF OFFICER	All Budget Holders
<hr/>	
MONTH ENDED	June 2015

ITEM No.	BUDGET HEADING	BUDGET FORECAST 2015/16			
		Total Budget	Forecast Year End Outturn	Variance vs. Total Budget	
		£	£	£	%
1	Children & Education	30,603,800	32,916,000	2,312,200	7.6%
2	Culture, Leisure & Sport	7,141,800	7,120,800	(21,000)	(0.3%)
3	Environment & Community Safety	14,781,800	14,968,200	186,400	1.3%
4	Health & Social Care	43,172,400	46,098,900	2,926,500	6.8%
5	Housing	1,467,200	1,467,200	0	0.0%
6	Leader	215,600	220,100	4,500	2.1%
7	PRED	(1,973,400)	(1,681,300)	292,100	14.8%
8	Port	(4,558,600)	(4,767,200)	(208,600)	(4.6%)
9	Resources	20,033,300	19,955,500	(77,800)	(0.4%)
10	Traffic & Transportation	15,642,200	15,939,000	296,800	1.9%
11	Licensing Committee	(243,500)	(243,500)	0	0.0%
12	Governance, Audit & Standards Com	224,600	127,100	(97,500)	(43.4%)
13	Levies	907,000	873,500	(33,500)	(3.7%)
14	Insurance	1,299,800	1,299,800	0	0.0%
15	Asset Management Revenue Account	23,892,100	23,441,800	(450,300)	(1.9%)
16	Other Miscellaneous	16,423,200	17,073,200	650,000	4.0%
TOTAL		169,029,300	174,809,100	5,779,800	3.4%
Total Value of Remedial Action (from Analysis Below)			(532,000)		
Forecast Outturn After Remedial Action		169,029,300	174,277,100	5,247,800	3.1%
Forecast Transfers From Portfolio Specific Reserves			133,300		
Forecast Outturn After Transfers (From)/To Portfolio Specific Reserves		169,029,300	174,410,400	5,381,100	3.2%

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

VALUE OF REMEDIAL ACTIONS & TRANSFERS (FROM)/TO PORTFOLIO SPECIFIC RESERVES

Item No.	Reason for Variation	Value of Remedial Action	Forecast Portfolio Transfers
1	Children & Education	0	0
2	Culture, Leisure & Sport	0	21,000
3	Environment & Community Safety	(181,000)	(5,400)
4	Health & Social Care	0	(23,800)
5	Housing	0	0
6	Leader	0	(4,500)
7	PRED	0	(292,100)
8	Port	0	208,600
9	Resources	(11,700)	89,500
10	Traffic & Transportation	(339,300)	42,500
11	Licensing Committee	0	0
12	Governance, Audit & Standards Com	0	97,500
13	Levies	0	
14	Insurance	0	
15	Asset Management Revenue Account	0	
16	Other Miscellaneous	0	
Total Value of Remedial Action		(532,000)	133,300

Note Remedial Action resulting in savings should be shown in brackets **Page 95**

FINANCIAL AND SERVICE PERFORMANCE MONTH ENDING JUNE 2015

MONTHLY BUDGET MONITORING STATEMENT - CASH LIMIT 2015/16			
PORTFOLIO	Children and Education		
BUDGET	6,685,700	Education	
	22,263,500	Children's Social Care & Safeguarding	
	1,257,800	Public Health	
	396,800	Regulatory Services Community Safety & Troubled Families	
TOTAL CASH LIMIT	30,603,800		
CHIEF OFFICER	Di Smith		
MONTH ENDED	June 2015		

Risk indicator	
Low	L
Medium	M
High	H

ITEM No.	BUDGET HEADING	BUDGET FORECAST 2015/16				RISK INDICATOR
		Total Budget	Forecast Year End Outturn	Variance vs. Total Budget		
				£	%	
		£	£	£	%	
1	Individual Schools Budget - DSG	77,572,600	77,426,100	(146,500)	(0.2%)	L
2	Other School Expenditure	14,426,300	14,634,200	207,900	1.4%	L
3	DSG & Pupil Premium Funding	(91,998,900)	(92,060,300)	(61,400)	(0.1%)	L
4	Strategic Commissioning	1,026,300	1,026,300	0	0.0%	L
5	Early Support	891,100	891,100	0	0.0%	L
6	Children's Centres	1,257,800	1,257,800	0	0.0%	L
7	Education Improvement	1,102,400	1,102,400	0	0.0%	L
8	Child Support Services	3,665,900	3,871,900	206,000	5.6%	M
9	Troubled Families & MST	396,800	396,800	0	0.0%	M
10	Assessment & Intervention	5,536,500	5,513,600	(22,900)	(0.4%)	M
11	Looked After Children	12,492,000	14,226,600	1,734,600	13.9%	M
12	Safeguarding & Monitoring	1,969,300	2,228,700	259,400	13.2%	H
13	Safeguarding Support	390,900	390,900	0	0.0%	H
14	Youth Support [YSS]	1,874,800	2,009,900	135,100	7.2%	M
		0	0	0	-	
		0	0	0	-	
TOTAL		30,603,800	32,916,000	2,312,200	7.6%	
Total Value of Remedial Action (from Analysis Below)		0				
Forecast Outturn After Remedial Action		30,603,800	32,916,000	2,312,200	7.6%	
Forecast Transfers From Portfolio Specific Reserves		0				
Forecast Outturn After Transfers (From)/To Portfolio Specific Reserves		30,603,800	32,916,000	2,312,200	7.6%	

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 2015/16

Item No.	Reason for Variation	Variance £	Remedial Action	Value of Remedial
8	The projected overspend on the Home to School / College transport is based on current contracts and numbers which will change for the new academic year. The effect of the new transport policies implemented in September 2014 are still working through and have already reduced the cost of travel compared to 2013-14.	206,000	Proposed savings plan being implemented and tracked with regular member updates	
10	An increase in parking permit charges have created a budget pressure of £130,000. Savings from vacancies are currently projected to more than offset the cost this year.	(22,900)		
11	Placement numbers and costs are set to lead to a projected overspend of £1m. Staffing costs and ongoing spending in support of Fostering and Adoption activities, together with the loss of prior year funding, add to the budget pressure currently being identified.	1,734,600		
12	Staffing requirements, delayed delivery of savings and increased project funding requirements all contribute to a current budget overspend projection.	259,400		
14	Current numbers and support requirements of care leavers suggest a projected pressure on the budget provision.	135,100		
	TOTAL PROJECTED VARIANCE	2,312,200	TOTAL VALUE OF REMEDIAL ACTION	0

Note Remedial Action resulting in savings is shown in brackets

FINANCIAL AND SERVICE PERFORMANCE MONTH ENDING JUNE 2015

MONTHLY BUDGET MONITORING STATEMENT - CASH LIMIT 2015/16			
PORTFOLIO	Culture, Leisure & Sport		
BUDGET	7,141,800	City Development & Cultural Services Transport & Street Management	
TOTAL CASH LIMIT	7,141,800		
CHIEF OFFICER	Kathy Wadsworth		Risk indicator
MONTH ENDED	June 2015		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	Cultural Partnerships (Previously Arts Service)
12	Community Centres
13	Events

BUDGET FORECAST 2015/16					
	Total Budget	Forecast Year End Outturn	Variance vs. Total Budget		RISK INDICATOR
			£	%	
	£	£	£	%	
1	2,170,800	2,127,800	(43,000)	(2.0%)	H
2	135,200	135,200	0	0.0%	H
3	(199,900)	(212,900)	(13,000)	(6.5%)	H
4	191,000	191,000	0	0.0%	M
5	288,800	288,800	0	0.0%	M
6	366,500	366,500	0	0.0%	M
7	169,000	199,000	30,000	17.8%	L
8	421,600	421,600	0	0.0%	H
9	2,039,800	2,039,800	0	0.0%	M
10	771,600	771,600	0	0.0%	M
11	321,200	301,200	(20,000)	(6.2%)	L
12	339,900	320,900	(19,000)	(5.6%)	L
13	126,300	170,300	44,000	34.8%	H
TOTAL	7,141,800	7,120,800	(21,000)	(0.3%)	
Total Value of Remedial Action (from Analysis Below)		0			
Forecast Outturn After Remedial Action	7,141,800	7,120,800	(21,000)	(0.3%)	
Forecast Transfers To Portfolio Specific Reserves	(21,000)				
Forecast Outturn After Transfers (From)/To Portfolio Specific Reserves	7,120,800	7,120,800	0	0.0%	

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

REASONS FOR VARIATIONS AGAINST TOTAL BUDGET 2015/16

Item No.	Reason for Variation	Variance £	Remedial Action	Value of Remedial
1	Vacancy for Parks manager post which will not be filled.	(43,000)		
3	More income than anticipated has been received to date.	(13,000)		
7	2014/15 savings for Interaction service have not been achieved, these will continue to be a pressure in 2015/16. Management continue to work to resolve this issue. Meanwhile, reductions within the Community Centre budget are being used to partially offset this overspend.	30,000		
11	Conclusion of the D Day 70 EU funded project will realise £20,000 unbudgeted income.	(20,000)		
12	Expenditure at Hillside and Wymering Community Centre for supplies and services is lower than anticipated.	(19,000)		
13	The cost of programmed events taking place in 2015/16 is higher than budgeted. The additional cost of these events will be met from planned underspends elsewhere within the Portfolio.	44,000		
TOTAL PROJECTED VARIANCE		(21,000)	TOTAL VALUE OF REMEDIAL ACTION	0

Note Remedial Action resulting in savings is shown in brackets

FINANCIAL AND SERVICE PERFORMANCE MONTH ENDING JUNE 2015

MONTHLY BUDGET MONITORING STATEMENT - CASH LIMIT 2015/16

PORTFOLIO Environment & Community Safety

BUDGET

	428,800	Transport Environment & Business Support
	181,000	Culture & City Development
	11,712,200	Property & Housing Services
	2,459,800	Regulatory Services Community Safety & Troubled Families

TOTAL CASH LIMIT 14,781,800

CHIEF OFFICER Various

Risk indicator	
Low	L
Medium	M
High	H

MONTH ENDED June 2015

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

BUDGET FORECAST 2015/16					RISK INDICATOR
Total Budget	Forecast Year End Outturn	Variance vs. Total Budget		£	
£	£	£	%		
311,600	311,600	0	0.0%	0	L
34,700	34,700	0	0.0%	0	L
14,400	14,400	0	0.0%	0	L
282,300	282,300	0	0.0%	0	M
(24,300)	(24,300)	0	0.0%	0	L
252,600	252,600	0	0.0%	0	M
17,400	17,400	0	0.0%	0	L
3,317,300	3,317,300	0	0.0%	0	H
4,415,600	4,690,600	275,000	6.2%	0	H
139,100	139,100	0	0.0%	0	L
335,200	335,200	0	0.0%	0	L
3,023,500	3,023,500	0	0.0%	0	L
63,900	63,900	0	0.0%	0	L
(3,000)	(3,000)	0	0.0%	0	L
87,800	87,800	0	0.0%	0	M
0	0	0	-	0	M
264,200	240,800	(23,400)	(8.9%)	0	M
164,600	99,400	(65,200)	(39.6%)	0	L
0	0	0	-	0	L
121,200	121,200	0	0.0%	0	L
237,700	237,700	0	0.0%	0	L
62,800	62,800	0	0.0%	0	M
0	0	0	-	0	L
723,500	723,500	0	0.0%	0	L
145,500	145,500	0	0.0%	0	H
235,000	235,000	0	0.0%	0	H
185,200	185,200	0	0.0%	0	L
189,900	189,900	0	0.0%	0	L
0	0	0	-	0	L
184,100	184,100	0	0.0%	0	L
TOTAL	14,781,800	14,968,200	186,400	1.3%	

TOTAL

Total Value of Remedial Action (from Analysis Below)

(181,000)

Forecast Outturn After Remedial Action

14,781,800 14,787,200 5,400 0.0%

Forecast Transfers From Portfolio Specific Reserves

5,400

Forecast Outturn After Transfers (From) To Portfolio Specific Reserves

14,787,200 14,787,200 0 0.0%

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

REASONS FOR VARIATIONS AGAINST TOTAL BUDGET 2015/16

Item No.	Reason for Variation	Variance £	Remedial Action	Value of Remedial Action
9	Anticipated overspend on waste disposal partly due to planned use of Portfolio Reserves to support this budget and partly to the rates received for recycled materials. These are market driven rates for the material recycled, e.g. wood, paper.	275,000	It is planned that £181,000 of this overspend is to be funded from the Portfolio Reserve set aside from previous years. The service is currently reviewing alternative methods of further reducing this deficit.	(181,000)
17	Fee income has been generated by the Coastal and Drainage Manager during the first quarter of 2015/16 as a result of their involvement in the Portsea Island Coastal Protection Capital scheme and the emergency repair work to sea defences required to be undertaken as a result of the flooding that occurred in Southsea in 2014.	(23,400)		
18	£65,200 has been returned following the 2014/15 annual reconciliation of the Eastern Southern Coastal Partnership. The net position on Partnership's 2014/15 accounts was a surplus of £162,925, of which PCC has been returned 40%. The Eastern Solent Coastal Partnership comprises the 4 neighbouring Local Authorities - Portsmouth, Havant, Fareham and Gosport. The Coastal Partnership agreed that the income should be returned to the relevant Authorities rather than retained within the Partnerships' reserves.	(65,200)		
TOTAL PROJECTED VARIANCE		186,400	TOTAL VALUE OF REMEDIAL ACTION	(181,000)

Note Remedial Action resulting in savings is shown in brackets

FINANCIAL AND SERVICE PERFORMANCE MONTH ENDING JUNE 2015

MONTHLY BUDGET MONITORING STATEMENT - CASH LIMIT 2015/16	
PORTFOLIO	Health & Social Care
BUDGET	43,172,400
TOTAL CASH LIMIT	43,172,400
CHIEF OFFICER	Various
MONTH ENDED	June 2015

Risk indicator	
Low	L
Medium	M
High	H

ITEM No.	BUDGET HEADING	BUDGET FORECAST 2015/16				RISK INDICATOR
		Total Budget	Forecast Year End Outturn	Variance vs. Total Budget		
		£	£	£	%	
1	Physical Support	12,588,500	14,449,700	1,861,200	14.8%	H
2	Sensory Support	240,000	240,000	0	0.0%	L
3	Memory & Cognition	2,185,100	2,065,800	(119,300)	(5.5%)	H
4	Learning Disability Support	16,298,400	17,326,500	1,028,100	6.3%	H
5	Mental Health Support	2,014,700	2,370,400	355,700	17.7%	H
6	Social Support: Substance Misuse Support	138,700	138,700	0	0.0%	L
7	Asylum Seeker Support	0	0	0	0.0%	L
8	Support for Carer - Direct Payments	0	0	0	0.0%	L
9	Social Support: Other Support for Carer	0	0	0	0.0%	L
10	Assistive Equipment & Technology	692,100	815,200	123,100	17.8%	H
11	Social Care Activities	3,664,700	3,653,100	(11,600)	(0.3%)	L
12	Information & Early intervention	1,472,300	1,288,200	(184,100)	(12.5%)	H
13	Commissioning and Service Delivery	(118,000)	(244,400)	(126,400)	107.1%	H
14	Supporting People - Housing	3,995,800	3,995,800	0	0.0%	L
18	Sexual Health Mandatory - services	3,495,900	3,504,900	9,000	0.3%	L
19	Sexual Health Non Mandatory - services	228,900	228,800	(100)	(0.0%)	L
20	Smoking	730,400	702,300	(28,100)	(3.8%)	M
21	Children 5-19 Programme	2,636,800	2,634,900	(1,900)	(0.1%)	L
22	Health Checks	362,800	366,000	3,200	0.9%	L
23	Obesity	306,400	301,000	(5,400)	(1.8%)	L
24	Substance Misuse	4,263,800	4,226,700	(37,100)	(0.9%)	L
25	Public Health Advice	173,100	172,700	(400)	(0.2%)	L
26	Miscellaneous Public Health Services	(12,198,000)	(12,137,400)	60,600	(0.5%)	L
TOTAL		43,172,400	46,098,900	2,926,500	6.8%	
Total Value of Remedial Action (from Analysis Below)		0				
Forecast Outturn After Remedial Action		43,172,400	46,098,900	2,926,500	6.8%	
Forecast Transfers From Portfolio Specific Reserves		23,800				
Forecast Outturn After Transfers (From)/To Portfolio Specific Reserves		43,196,200	46,098,900	2,902,700	6.7%	

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 2015/16

Item No.	Reason for Variation	Variance £	Remedial Action	Value of Remedial Action
1	Greater volume of older persons domiciliary care required due to demographic pressures. There have also been unforeseen delays in implementing the savings proposals for this area of the budget.	1,861,200	The service is currently reviewing options to reduce the currently forecast overspend.	
4	Increased volume of clients transitioning from Children's Service's in conjunction with a delayed initiation of the review of day care services. There have also been ongoing claims for funding from other authorities under the ordinary residence ruling.	1,028,100		
5	Increased volume of clients with mental health support needs requiring residential care placements.	355,700		
	Other Miscellaneous	(318,500)		
	Increased funding from Better Care Fund			
TOTAL PROJECTED VARIANCE		2,926,500	TOTAL VALUE OF REMEDIAL ACTION	0

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

FINANCIAL AND SERVICE PERFORMANCE MONTH ENDING JUNE 2015

MONTHLY BUDGET MONITORING STATEMENT - CASH LIMIT 2015/16

PORTFOLIO Housing

BUDGET

1,467,200

TOTAL CASH LIMIT **1,467,200**

CHIEF OFFICERS Owen Buckwell

MONTH ENDED June 2015

Risk indicator	
Low	L
Medium	M
High	H

ITEM No.	BUDGET HEADING
1	Housing Strategy - General
2	Registered Social Landlords
3	Housing Advisory Service
4	Housing Enabling
5	Homelessness
6	Telecare
7	Youth & Play Shared Services with the HRA
8	De Minimis Capital Receipts
9	Other Council Property
10	Housing Standards
11	Home Check scheme
12	Green Deal
13	Additional Licensing

BUDGET PROFILE 2015/16					RISK INDICATOR
Total Budget	Forecast Year End Outturn	Variance vs. Total Budget To June 2015			
£	£	£	%		
76,100	76,100	0	0.0%		L
40,300	40,300	0	0.0%		L
200,300	200,300	0	0.0%		L
(16,600)	(16,600)	0	0.0%		L
668,800	668,800	0	0.0%		L
(167,000)	(141,000)	26,000	15.6%		M
344,200	344,200	0	0.0%		L
(94,400)	(46,400)	48,000	50.8%		M
(26,300)	(26,300)	0	0.0%		L
432,800	379,000	(53,800)	(12.4%)		L
9,000	28,200	19,200	213.3%		M
0	36,700	36,700	-		M
0	(76,100)	(76,100)	-		L
1,467,200	1,467,200	0	0.0%		
Total Value of Remedial Action (from Analysis Below)		0			
Forecast Outturn After Remedial Action		1,467,200	1,467,200	0	0.0%
Forecast Transfers From Portfolio Specific Reserves		0			
Forecast Outturn After Transfers (From)/To Portfolio Specific Reserves		1,467,200	1,467,200	0	0.0%

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

REASONS FOR VARIATIONS AGAINST TOTAL BUDGET 2015/16

Item No.	Reason for Variation	Variance £	Remedial Action	Value of Remedial Action
6&11	These services are currently anticipated to overspend pending a review to provide a future combined and restructured service.	45,200	A service review is currently ongoing. This overspend is planned to be met from underspends elsewhere within the portfolio.	
8	These receipts are realised when small grants are repaid, and are largely reliant upon the housing market. There has been a reduction in the receipts received in this first quarter of the year.	48,000		
10	This underspend has arisen from staff turnover vacancies, and is planned to be utilised by overspends elsewhere in the portfolio.	(53,800)		
12	This underachievement of income is due to changes in Green Deal Central Government funding.	36,700	Additional funding bids have been submitted to mitigate the shortfall. If unsuccessful, the overspend is planned to be met from underspends elsewhere within the portfolio.	
13	This improved forecast position is due to an increase in the number of licences being issued, and savings from posts being held vacant pending service reviews.	(76,100)		
TOTAL PROJECTED VARIANCE		0	TOTAL VALUE OF REMEDIAL ACTION	0

Note Remedial Action resulting in savings is shown in brackets

FINANCIAL AND SERVICE PERFORMANCE MONTH ENDING JUNE 2015

MONTHLY BUDGET MONITORING STATEMENT - CASH LIMIT 2015/16

PORTFOLIO Leader
 BUDGET 215,600

TOTAL CASH LIMIT 215,600

CHIEF OFFICER

MONTH ENDED June 2015

Risk indicator	
Low	L
Medium	M
High	H

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

BUDGET FORECAST 2015/16					RISK INDICATOR
Total Budget	Forecast Year End Outturn	Variance vs. Total Budget			
£	£	£	%		
1,000	1,000	0	0.0%	L	
25,000	25,000	0	0.0%	L	
93,700	98,200	4,500	4.8%	L	
(5,900)	(5,900)	0	0.0%	L	
101,800	101,800	0	0.0%	L	
TOTAL	215,600	220,100	4,500	2.1%	
Total Value of Remedial Action (from Analysis Below)		0			
Forecast Outturn After Remedial Action		215,600	220,100	4,500	2.1%
Forecast Transfers From Portfolio Specific Reserves		4,500			
Forecast Outturn After Transfers (From)/To Portfolio Specific Reserves		220,100	220,100	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 2015/16

Item No.	Reason for Variation	Variance £	Remedial Action	Value of Remedial Action
	TOTAL PROJECTED VARIANCE	0	TOTAL VALUE OF REMEDIAL ACTION	0

Note Remedial Action resulting in savings is shown in brackets

FINANCIAL AND SERVICE PERFORMANCE MONTH ENDING JUNE 2015

MONTHLY BUDGET MONITORING STATEMENT - CASH LIMIT 2015/16

PORTFOLIO Planning Regeneration & Economic Development (Excluding Commercial Ferry Port)

BUDGET 1,129,100 Culture & City Development
 (52,900) Transport Environment & Business Support
 (3,049,600) Housing & Property Services

TOTAL CASH LIMIT (1,973,400)

CHIEF OFFICER Michael Lawther

Risk indicator	
Low	L
Medium	M
High	H

MONTH ENDED June 2015

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

BUDGET FORECAST 2015/16					RISK INDICATOR
Total Budget	Forecast Year End Outturn	Variance vs. Total Budget			
		£	%		
£	£	£	%		
361,100	261,100	(100,000)	(27.7%)		H
252,360	252,360	0	0.0%		M
(48,560)	(48,560)	0	0.0%		M
26,600	26,600	0	0.0%		H
278,600	278,600	0	0.0%		H
259,000	259,000	0	0.0%		M
197,800	180,100	(17,700)	(8.9%)		H
(296,300)	(364,300)	(68,000)	(22.9%)		H
45,600	144,600	99,000	217.1%		H
0	148,800	148,800	-		H
1,412,060	1,412,060	0	0.0%		M
806,840	806,840	0	0.0%		L
(5,268,500)	(5,038,500)	230,000	4.4%		H
TOTAL	(1,973,400)	(1,681,300)	292,100	14.8%	
Total Value of Remedial Action (from Analysis Below)			0		
Forecast Outturn After Remedial Action	(1,973,400)	(1,681,300)	292,100	14.8%	
Forecast Transfers From Portfolio Specific Reserves		292,100			
Forecast Outturn After Transfers (From)/To Portfolio Specific Reserves	(1,681,300)	(1,681,300)	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 2015/16

Item No.	Reason for Variation	Variance £	Remedial Action	Value of Remedial Action
1	Planning income is forecast to exceed the budget.	(100,000)		
7	Additional income stream arising from staff costs being recharged to the Hard and Dunsbury Hill Farm capital projects.	(17,700)		
8	Additional income from Enterprise Centres as a result of increased occupancy levels.	(68,000)		
9	The budget for PCMI Manufacturing is currently forecast to overspend by £56,000 as a result of lower than anticipated income. Additionally the Employment and Training part of PCMI is projected to overspend by £43,000 due in the main to reduced contract income.	99,000	Staff restructure to re align staffing levels to the reduced income levels is currently at the consultation stage.	
10	The forecast overspend of £148,800 is due to a reduction in income received from training programmes. The majority of sub contracts awarded by local colleges have not been renewed following the Skills Funding Agency decision to cut 25% of their funding to colleges. Further to this reduction, the announcement of funding to colleges is being delayed and as a result colleges are not in a position to award sub contracts at this stage.	148,800		
13	Lower rental income across the property portfolio, due to rent reviews and asset disposals.	230,000	Proactive review underway of the existing property portfolio in order to maximise rental returns, and the purchase of investment properties	
	TOTAL PROJECTED VARIANCE	292,100	TOTAL VALUE OF REMEDIAL ACTION	0

Note Remedial Action resulting in savings is shown in brackets

FINANCIAL AND SERVICE PERFORMANCE MONTH ENDING JUNE 2015

MONTHLY BUDGET MONITORING STATEMENT - CASH LIMIT 2015/16

PORTFOLIO Planning Regeneration & Economic Development (Commercial Ferry Port)

BUDGET (4,558,600)

TOTAL CASH LIMIT (4,558,600)

CHIEF OFFICER Martin Putman

MONTH ENDED June 2015

Risk indicator	
Low	L
Medium	M
High	H

ITEM No.		BUDGET PROFILE 2014/15				RISK INDICATOR
		Total Budget	Forecast Year End Outturn	Variance vs. Total Budget		
		£	£	£	%	
1	Income	(12,867,200)	(13,000,700)	(133,500)	(1.0%)	H
2	Operational Costs	6,724,700	6,637,100	(87,600)	(1.3%)	M
3	Management and General Expenses	1,583,900	1,596,400	12,500	0.8%	L
OPERATING SURPLUS		(4,558,600)	(4,767,200)	(208,600)	(4.6%)	
TOTAL		(4,558,600)	(4,767,200)	(208,600)	(4.6%)	

Total Value of Remedial Action (from Analysis Below)

0

Forecast Outturn After Remedial Action

(4,558,600) (4,767,200) (208,600) (4.6%)

Forecast Transfers To Portfolio Specific Reserves

(208,600)

Forecast Outturn After Transfers (From)/To Portfolio Specific Reserves

(4,767,200) (4,767,200) 0 0.0%

Capital Charges & Other Corporate Costs	4,894,000	4,781,200	(112,800)	(2.3%)
Net (Profit) / Loss	335,400	14,000	(112,800)	(33.6%)

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 2015/16

Item No.	Reason for Variation	Variance £	Remedial Action	Value of Remedial Action
Income	Favourable variance due to a new ferry service operating from the Port.	(133,500)		
Operational Costs	Favourable variance arising from a reduction in employee costs and savings identified in services provided by security and berthing service contractors.	(87,600)		
Management and General Expenses	Adverse variance due to an increase in IT professional services because of the roll out of a new system, and provision of expert advice to mitigate risk.	12,500		
TOTAL PROJECTED VARIANCE		(208,600)	TOTAL VALUE OF REMEDIAL ACTION	0

Note Remedial Action resulting in savings is shown in brackets

FINANCIAL AND SERVICE PERFORMANCE MONTH ENDING JUNE 2015

MONTHLY BUDGET MONITORING STATEMENT - CASH LIMIT 2015/16

PORTFOLIO	Resources
BUDGET	20,033,300
TOTAL CASH LIMIT	20,033,300

CHIEF OFFICER	Various	Risk indicator
		Low L
		Medium M
MONTH ENDED	June 2015	High H

ITEM No.	BUDGET HEADING	BUDGET PROFILE 2015/16				RISK INDICATOR
		Total Budget	Forecast Year End Outturn	Variance vs. Total Budget		
		£	£	£	%	
1	Miscellaneous Expenses	578,800	572,800	(6,000)	(1.0%)	L
2	HR, Legal and Performance	3,092,600	3,104,300	11,700	0.4%	M
3	Transformation Workstream Investment	50,000	50,000	0	0.0%	M
4	Customer & Community Services	1,453,700	1,342,000	(111,700)	(7.7%)	H
5	Grants & Support to the Voluntary Sector	612,800	612,800	0	0.0%	L
6	Financial Services	4,554,300	4,480,400	(73,900)	(1.6%)	M
7	Information Services	4,235,700	4,198,200	(37,500)	(0.9%)	H
8	AMS Design & Maintenance	580,900	580,900	0	0.0%	M
9	Property Services	297,200	297,200	0	0.0%	M
10	Landlords Repairs & Maintenance	1,185,200	1,185,200	0	0.0%	M
11	Spinnaker Tower	(400,000)	(400,000)	0	0.0%	L
12	MMD Crane Rental	(385,400)	(385,400)	0	0.0%	M
13	Administration Expenses	5,000	5,000	0	0.0%	L
14	Housing Benefit - Rent Allowances	(580,800)	(580,800)	0	0.0%	M
15	Housing Benefit - Rent Rebates	(265,400)	(265,400)	0	0.0%	M
16	Local Taxation	1,338,400	1,338,400	0	0.0%	L
17	Local Welfare Assistance Scheme	100,000	100,000	0	0.0%	L
18	Benefits Administration	1,712,700	1,712,700	0	0.0%	M
19	Discretionary Non-Domestic Rate Relief	0	0	0	-	L
20	Land Charges	(85,200)	(85,200)	0	0.0%	M
21	Democratic Representation & Management	1,180,900	1,173,300	(7,600)	(0.6%)	L
22	Corporate Management	771,900	919,100	147,200	19.1%	H
TOTAL		20,033,300	19,955,500	(77,800)	(0.4%)	
Total Value of Remedial Action (from Analysis Below)			(11,700)			
Forecast Outturn After Remedial Action		20,033,300	19,943,800	(89,500)	(0.4%)	
Forecast Transfers To Portfolio Specific Reserves		(89,500)				
Forecast Outturn After Transfers (From)/To Portfolio Specific Reserves		19,943,800	19,943,800	0	0.0%	

TOTAL	20,033,300	19,955,500	(77,800)	(0.4%)
Total Value of Remedial Action (from Analysis Below)		(11,700)		
Forecast Outturn After Remedial Action	20,033,300	19,943,800	(89,500)	(0.4%)
Forecast Transfers To Portfolio Specific Reserves	(89,500)			
Forecast Outturn After Transfers (From)/To Portfolio Specific Reserves	19,943,800	19,943,800	0	0.0%

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

REASONS FOR VARIATIONS AGAINST TOTAL BUDGET 2015/16

Item No.	Reason for Variation	Variance £	Remedial Action	Value of Remedial Action
2	The income level required for legal services is not being achieved causing an overspend within the area.	11,700	A review of work is being carried out to identify fee earning potential.	(11,700)
4	Underspend across a number of Customer & community Services areas due to the holding of vacancies where possible in order to prepare for saving requirements in future years.	(111,700)		
6	The service is holding vacancies where possible in order to prepare for saving requirements in future years.	(73,900)		
7	The service is projecting an underspend due to vacant posts being held in preparation for future years savings.	(37,500)		
21	Members Expenses forecast to underspend due to one councillor covering 2 portfolio committees, saving on allowances.	(7,600)		
22	Approved budget reductions relating to additional income from HRA have yet to be identified.	147,200	Service continues to seek to identify opportunities to meet this saving requirement	
	Net of variance less than £5,000	(6,000)		
	TOTAL PROJECTED VARIANCE	(77,800)	TOTAL VALUE OF REMEDIAL ACTION	(11,700)

Note Remedial Action resulting in savings is shown in brackets

FINANCIAL AND SERVICE PERFORMANCE MONTH ENDING JUNE 2015

MONTHLY BUDGET MONITORING STATEMENT - CASH LIMIT 2015/16

PORTFOLIO Traffic & Transportation
 BUDGET 15,642,200

TOTAL CASH LIMIT 15,642,200

CHIEF OFFICER Kathy Wadsworth

MONTH ENDED June 2015

Risk indicator	
Low	L
Medium	M
High	H

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

BUDGET FORECAST 2015/16				RISK INDICATOR
Total Budget	Forecast Year End Outturn	Variance vs. Total Budget		
£	£	£	%	
(2,214,200)	(2,254,900)	(40,700)	(1.8%)	H
-	-	0		H
219,300	219,300	0	0.0%	L
583,800	603,000	19,200	3.3%	M
8,699,900	8,699,900	0	0.0%	L
2,845,400	2,839,400	(6,000)	(0.2%)	H
1,135,600	1,535,400	399,800	35.2%	H
(45,900)	(55,900)	(10,000)	(21.8%)	M
4,009,800	4,009,800	0	0.0%	H
(284,400)	(284,400)	0	0.0%	M
118,800	115,800	(3,000)	(2.5%)	L
341,900	301,900	(40,000)	(11.7%)	M
118,200	131,900	13,700	11.6%	L
15,100	15,100	0	0.0%	M
38,900	38,900	0	0.0%	L
60,000	23,800	(36,200)	(60.3%)	M
15,642,200	15,939,000	296,800	1.9%	

Total Value of Remedial Action (from Analysis Below)		(339,300)		
Forecast Outturn After Remedial Action	15,642,200	15,599,700	(42,500)	(0.3%)
Forecast Transfers To Portfolio Specific Reserves	(42,500)			
Forecast Outturn After Transfers (From)/To Portfolio Specific Reserves	15,599,700	15,599,700	0	0.0%

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

REASONS FOR VARIATIONS AGAINST TOTAL BUDGET 2015/16

Item No.	Reason for Variation	Variance £	Remedial Action	Value of Remedial Action
1	Parking income is higher than originally budgeted. This is thought to be due to various factors including the good weather this year so far, the improving economy and as a result of the increased events taking place on and around the seafront.	(40,700)		
4	Staff within this service area are budgeted to work on both fee generating capital work and non fee earning revenue work. It is currently forecast that staff will be working more on revenue than originally budgeted. However, management are currently looking at the work being undertaken to address this imbalance.	19,200		
7	The installation of LED street lights will lead to significant savings in electricity costs and the budget was set on the premise that this efficiency would be in place. However this capital scheme is currently on hold and so these savings will not be realised this year. The majority of the additional costs will be funded by a release from contingency.	399,800	Release from Contingency	(339,300)
8	The forecast favourable variance is due to temporary vacancies where recruitment has been delayed.	(10,000)		
12	The forecast favourable variance is as a result of vacancies. Further recruitment campaigns are planned for later in the year and so it is hoped that this variance will not increase.	(40,000)		
13	A contribution of £18,000 has been made towards the start up costs of Pompey Dial A Ride.	13,700		
16	The forecast favourable variance is due to vacancies within the project management team where recruitment has been delayed.	(36,200)		
	Other minor variances	(9,000)		
	TOTAL PROJECTED VARIANCE	296,800	TOTAL VALUE OF REMEDIAL ACTION	(339,300)

Note Remedial Action resulting in savings is shown in brackets

FINANCIAL AND SERVICE PERFORMANCE MONTH ENDING JUNE 2015

MONTHLY BUDGET MONITORING STATEMENT - CASH LIMIT 2015/16	
COMMITTEE	Licensing
BUDGET	(243,500)
<hr/>	
TOTAL CASH LIMIT	(243,500)
<hr/>	
CHIEF OFFICER	Michael Lawther
MONTH ENDED	June 2015

Risk indicator	
Low	L
Medium	M
High	H

ITEM No.	BUDGET HEADING	BUDGET FORECAST 2015/16				RISK INDICATOR
		Total Budget £	Forecast Year End Outturn £	Variance vs. Total Budget		
		£	£	£	%	
1	Licensing Committee	(243,500)	(243,500)	0	0.0%	L
TOTAL		(243,500)	(243,500)	0	0.0%	
Total Value of Remedial Action (from Analysis Below)		0				
Forecast Outturn After Remedial Action		(243,500)	(243,500)	0	0.0%	
Forecast Transfers From Portfolio Specific Reserves		0				
Forecast Outturn After Transfers (From)/To Portfolio Specific Reserves		(243,500)	(243,500)	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 2015/16

Item No.	Reason for Variation	Variance £	Remedial Action	Value of Remedial Action
	TOTAL PROJECTED VARIANCE	0	Total Value of Remedial Action	0

Note Remedial Action resulting in savings is shown in brackets

FINANCIAL AND SERVICE PERFORMANCE MONTH ENDING JUNE 2015

MONTHLY BUDGET MONITORING STATEMENT - CASH LIMIT 2015/16

COMMITTEE Governance, Audit and Standards Committee

BUDGET 224,600

TOTAL CASH LIMIT 224,600

CHIEF OFFICER Michael Lawther

MONTH ENDED June 2015

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

BUDGET FORECAST 2015/16				RISK INDICATOR
Total Budget	Forecast Year End Outturn	Variance vs. Total Budget		
£	£	£	%	
135,950	140,400	4,450	3.3%	L
147,550	147,600	50	0.0%	M
(58,900)	(160,900)	(102,000)	(173.2%)	M
224,600	127,100	(97,500)	(43.4%)	
Total Value of Remedial Action (from Analysis Below) 0				
224,600	127,100	(97,500)	(43.4%)	
Forecast Transfers To Portfolio Specific Reserves (97,500)				
127,100	127,100	0	0.0%	

TOTAL

Total Value of Remedial Action (from Analysis Below)

Forecast Outturn After Remedial Action

Forecast Transfers To Portfolio Specific Reserves

Forecast Outturn After Transfers (From)/To Portfolio Specific Reserves

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 2015/16

Item No.	Reason for Variation	Variance £	Remedial Action	Value of Remedial Action
3	It is expected that the Registrars will underspend at the end of the financial year due to additional income for the chargeable services that it delivers. 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.	(102,000)		
	Net of variance less than £5,000	4,500		
TOTAL PROJECTED VARIANCE		(97,500)	TOTAL VALUE OF REMEDIAL ACTION	0

Note Remedial Action resulting in savings is shown in brackets

FINANCIAL AND SERVICE PERFORMANCE MONTH ENDING JUNE 2015

MONTHLY BUDGET MONITORING STATEMENT - CASH LIMIT 2015/16	
PORTFOLIO	Other Expenditure
BUDGET	907,000 Levies
<hr/>	
TOTAL CASH LIMIT	907,000
<hr/>	
CHIEF OFFICER	Michael Lawther
MONTH ENDED	June 2015

Risk Indicator	
Low	L
Medium	M
High	H

ITEM No.	BUDGET HEADING	BUDGET FORECAST 2015/16				RISK INDICATOR
		Total Budget	Forecast Year End Outturn	Variance vs. Total Budget		
		£	£	£	%	
1	Environment & Flood Defence Agency	53,300	37,100	(16,200)	(30.4%)	M
2	Coroners	799,800	799,800	0	0.0%	M
3	Southern Sea Fisheries	53,900	36,600	(17,300)	(32.1%)	L
TOTAL		907,000	873,500	(33,500)	(3.7%)	
Total Value of Remedial Action (from Analysis Below)			0			
Total Net Forecast Outturn (after remedial action)		907,000	873,500	(33,500)	(3.7%)	

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

REASONS FOR VARIATIONS AGAINST TOTAL BUDGET 2015/16

Item No.	Reason for Variation	Variance £	Remedial Action	Value of Remedial Action
TOTAL PROJECTED VARIANCE		0	TOTAL VALUE OF REMEDIAL ACTION	0

Note Remedial Action resulting in savings is shown in brackets

FINANCIAL AND SERVICE PERFORMANCE MONTH ENDING JUNE 2015

MONTHLY BUDGET MONITORING STATEMENT - CASH LIMIT 2015/16									
PORTFOLIO	Other Expenditure								
BUDGET	1,299,800 Insurance								
<hr/>									
TOTAL CASH LIMIT	1,299,800								
<hr/>									
CHIEF OFFICER	Michael Lawther								
<table border="1" style="float: right; border-collapse: collapse;"> <thead> <tr> <th colspan="2" style="text-align: center;">Risk indicator</th> </tr> </thead> <tbody> <tr> <td style="text-align: left;">Low</td> <td style="text-align: center;">L</td> </tr> <tr> <td style="text-align: left;">Medium</td> <td style="text-align: center;">M</td> </tr> <tr> <td style="text-align: left;">High</td> <td style="text-align: center;">H</td> </tr> </tbody> </table>		Risk indicator		Low	L	Medium	M	High	H
Risk indicator									
Low	L								
Medium	M								
High	H								
MONTH ENDED	June 2015								

ITEM No.	BUDGET HEADING	BUDGET FORECAST 2015/16				RISK INDICATOR
		Total Budget	Forecast Year End Outturn	Variance vs. Total Budget		
		£	£	£	%	
1	Insurance Revenue Account	1,299,800	1,299,800	0	0.0%	M
TOTAL		1,299,800	1,299,800	0	0.0%	
Total Value of Remedial Action (from Analysis Below)		0				
Total Net Forecast Outturn (after remedial action)		1,299,800	1,299,800	0	0.0%	

Note All figures included above exclude Capital Charges and Levies

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

REASONS FOR VARIATIONS AGAINST TOTAL BUDGET 2015/16

Item No.	Reason for Variation	Variance £	Remedial Action	Value of Remedial Action
TOTAL PROJECTED VARIANCE		0	TOTAL VALUE OF REMEDIAL ACTION	

Note Remedial Action resulting in savings is shown in brackets

FINANCIAL AND SERVICE PERFORMANCE MONTH ENDING JUNE 2015

MONTHLY BUDGET MONITORING STATEMENT - CASH LIMIT 2015/16

PORTFOLIO **Other Expenditure**
 BUDGET 23,892,100 Asset Management Revenue Account

TOTAL CASH LIMIT 23,892,100

CHIEF OFFICER Michael Lawther

Risk indicator	
Low	L
Medium	M
High	H

MONTH ENDED June 2015

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

BUDGET FORECAST 2015/16				RISK INDICATOR
Total Budget	Forecast Year End Outturn	Variance vs. Total Budget		
£	£	£	%	
18,569,600	18,608,700	39,100	0.2%	H
(2,393,700)	(2,672,300)	(278,600)	(11.6%)	H
7,716,200	7,505,400	(210,800)	(2.7%)	M
23,892,100	23,441,800	(450,300)	(1.9%)	

TOTAL

Total Value of Remedial Action (from Analysis Below)

0

Total Net Forecast Outturn (after remedial action)

23,892,100 **23,441,800** **(450,300)** **(1.9%)**

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 2015/16

Item No.	Reason for Variation	Variance £	Remedial Action	Value of Remedial Action
2	Higher surplus cash than anticipated due to capital programme slippage	(278,600)		
3	Lower capital expenditure financed from borrowing than had been anticipated in 2014/15.	(210,800)		
	TOTAL PROJECTED VARIANCE	(489,400)	TOTAL VALUE OF REMEDIAL ACTION	0

Note Remedial Action resulting in savings is shown in brackets

FINANCIAL AND SERVICE PERFORMANCE MONTH ENDING JUNE 2015

MONTHLY BUDGET MONITORING STATEMENT - CASH LIMIT 2015/16			
PORTFOLIO	Other Expenditure		
BUDGET	16,423,200	Miscellaneous	
TOTAL CASH LIMIT		16,423,200	
CHIEF OFFICER	Michael Lawther		
MONTH ENDED	June 2015		

Risk Indicator	
Low	L
Medium	M
High	H

ITEM No.	BUDGET HEADING	BUDGET FORECAST 2015/16				RISK INDICATOR
		Total Budget £	Forecast Year End Outturn £	Variance vs. Total Budget		
				£	%	
1	Precepts	0	0	0	-	L
2	Portchester Crematorium	(125,000)	(125,000)	0	0.0%	L
3	Compensatory Added Years & Contribution to Prior Years Pension Deficit	6,261,000	6,261,000	0	0.0%	L
4	Contingency	6,922,000	6,922,000	0	0.0%	H
5	Revenue Contributions to Capital	65,500	65,500	0	0.0%	L
6	MMD Losses	350,000	1,000,000	650,000	185.7%	L
7	Off Street Parking Reserve	(1,078,200)	(1,078,200)	0	0.0%	L
8	Transfer to / (From) MTRS Reserve	(313,900)	(313,900)	0	0.0%	L
9	Other Miscellaneous	2,874,000	2,874,000	0	0.0%	L
10	Other Transfers to / (from) Reserves	1,467,800	1,467,800	0	0.0%	L
TOTAL		16,423,200	17,073,200	650,000	4.0%	
Total Value of Remedial Action (from Analysis Below)		0				
Forecast Outturn After Remedial Action		16,423,200	17,073,200	650,000	4.0%	
Forecast Transfers To Portfolio Specific Reserves		133,300	133,300			
Forecast Outturn After Transfers (From)/To Portfolio Specific Reserves		16,556,500	17,206,500	650,000	3.9%	

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 2015/16

Item No.	Reason for Variation	Variance £	Remedial Action	Value of Remedial Action
	TOTAL PROJECTED VARIANCE		0 TOTAL VALUE OF REMEDIAL ACTION	0

Note Remedial Action resulting in savings is shown in brackets

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Agenda Item 14

Ethical Care Charter - Response to Notion of Motion (Cabinet minute 53 refers)

DECISION

That the report be noted.

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Agenda item:

Title of meeting: Cabinet

Subject: Ethical Care Charter

Date of meeting: 24 September 2015

Report by: Robert Watt, Director of Adults Services and Simon Nightingale, Contracts Team Manager, ICS

Wards affected:

1. Requested by

Referred to Cabinet for decision and report back to full Council.

2. Recommendation

That the Cabinet notes the report.

3. Purpose

The purpose of this report is to inform Cabinet of the Ethical Care Charter, produced by UNISON, which calls for councils to commit to becoming Ethical Care Councils by commissioning homecare services which adhere to their Charter.

4. Information Requested

Home Care (Domiciliary Care) in the city is commissioned from the independent sector. Adult Social Care (ASC) commissions approx. 7,000 hours of personal care from private care agencies to meet the needs of 815 older people (excluding those with a learning disability) as at July 2015 at a weekly cost of £96k.

The Charter itself is set out in 3 stages:

4.1 Stage 1

4.1.1 *"The starting point for commissioning of visits will be client need and not minutes or tasks. Workers will have the freedom to provide appropriate care and will be given time to talk to their clients."*

Care packages are based on meeting the assessed needs of the individual with tasks agreed between the client and provider. Times are given by ASC to providers

when it is appropriate to visit (i.e. to meet medication requirements) and flexibility given to providers to agree with the client for other tasks.

4.1.2 *"The time allocated to visits will match the needs of the clients. In general, 15-minute visits will not be used as they undermine the dignity of the clients."*

ASC have previously reviewed all 15 minute packages of care to make sure the time given is appropriate for the providers to meet the client's needs with dignity and respect. It was found generally that the 15 minute packages were appropriate in some circumstances; for example:

- Medication - prompting and assisting the service user to take their medication
- Safety / Welfare / Security Check – a visit to ensure the individual is at that time safe and well; for example, ensuring the individual has eaten their meal and is well hydrated, etc. or to ensure the individual's property is secure (where the individual doesn't require assistance to prepare for bed - for example making sure windows are closed and locked where appropriate, etc.)
- Assisting with, or fitting certain aids – such as hearing aids
- Emptying / changing a catheter bag.

There are currently 61 Portsmouth City Council Funded individuals across all care groups (Older Persons, Physical Disability, Learning Disability, etc.) that have a package of care which consist only of 15 minute increments (i.e. no 30, 45 or 60 minute visits). This represents 7.4% of the 821 clients (as of Sept 15) currently funded by Portsmouth City Council.

For Portsmouth City Council to increase all 15min packages of care to 30mins would cost an additional £233k pa (before any increase in the national minimum wage).

4.1.3 *"Homecare workers will be paid for their travel time, their travel costs and other necessary expenses such as mobile phones."*

ASC pay a standard hourly rate of £13.52 for personal care. This is agreed annually with providers and includes travel time and other essential costs which are openly and transparently set out in an open book format.

4.1.4 *"Visits will be scheduled so that homecare workers are not forced to rush their time with clients or leave their clients early to get to the next one on time."*

The providers are responsible for scheduling visits to meet the needs and times agreed as well as ensuring the private agency runs efficiently. This includes allowing carers enough time to travel between visits (which is incorporated within the fee ASC pays). PCC commissioning does not place undue pressure on providers to rush their clients care. If care packages are not of sufficient length to

allow care to be delivered unrushed, or they require the carer to cut them short to attend their next visit then providers raise this with ASC and a review of the care package for appropriateness takes place.

4.1.5 *"Those homecare workers who are eligible must be paid statutory sick pay."*

All ASC contracts require providers to adhere to the law and to meet their statutory duties. Statutory sick pay is a legal requirement for providers and should a provider fail to comply, HMRC could fine the provider if it found out through the employee raising the issue to them or through an audit.

4.2 Stage 2

4.2.1 *"Clients will be allocated the same homecare worker(s) wherever possible."*

Clients are often linked to the same carer but this is dependent on holiday cover, sickness and similar business issues which all providers need to manage. There is also consideration to be given as to whether consistency of carer is in the best interests of the client given that personal care packages should have the focus on reabling clients to regain independence.

4.2.2 *"Zero hour contracts will not be used in place of permanent contracts."*

Zero hours' contracts can be used to provide a flexible workforce to meet a temporary or changeable need for staff. Examples may include a need for workers to cover:

- unexpected or last-minute events (e.g. a large number of patients are discharged from the hospital at once needing care packages restarted at short notice)
- temporary staff shortages (e.g. holiday and sickness periods)
- On-call / bank work (e.g. one of the clients of a care-worker company requires extra care for a short period of time).

Zero hour contracts have been a subject of discussion nationally for some time. Although often attracting negative publicity, used appropriately they can increase flexibility and allow more control for the employee so that they are able to balance work with their home life. As part of a range of improvements to commissioning personal care we are discussing with providers the use of zero hour contracts but we would not automatically ban them without understanding the impact to the market, the client and ASC.

Considerations for the employer	Considerations for the worker
<ul style="list-style-type: none"> • Easily accessed pool of staff to assist when demand arises • No ongoing requirement to provide guaranteed levels of work for staff • Can be cheaper alternative to agency fees 	<ul style="list-style-type: none"> • Provides flexible employment on same basic terms as most workers • No ongoing requirement to accept offers of work and no consequences • Gives employment experience and skills

27% of providers responded to a short survey regarding zero hour contracts (3 providers out of 11) as follows -

- % of workforce on zero hour contracts:
Vary from 25% - 100% (2 out of 3 providers reported >95%)
- Staff satisfaction with zero hour contracts:
Staff are generally happy with zero hour contracts as there is always more work available than people to carry it out.
- Is there a perceived positive or negative if zero hour contracts were not used?
Negative effect as carers prefer the flexibility of their contracts, some carers change their availability every week.

4.2.3 *"Providers will have a clear and accountable procedure for following up staff concerns about their clients' wellbeing."*

Safeguarding is everybody's business. Providers are required to have in place clear, robust reporting mechanisms in place for staff to raise concerns about their client's wellbeing. This is supported by the Care Quality Commissions website for the raising of concerns if a carer wishes to remain anonymous.

4.2.4 *"All homecare workers will be regularly trained to the necessary standard to provide a good service (at no cost to themselves and in work time)."*

Personal care is well regulated by the Care Quality Commission and by the Local Authority. All staff are required to be trained and have completed the new care certificate before they are able to work unsupervised.

ASC is working with its providers to review the support ASC provide (training, payment terms, etc.) and are considering how to increase the level of competency and therefore the tasks that can be undertaken by the care agencies. This is alongside engaging with the voluntary sector to explore their role in rehabilitating clients and reducing the demand for personal care services.

- 4.2.5 *"Homecare workers will be given the opportunity to regularly meet co-workers to share best practice and limit their isolation."*

Caring is by its nature mainly a lone working career. Each carer is required to have at least 3 monthly supervision with their employer. There are opportunities for meeting other colleagues through training days and other activities which require them to attend their employer's office. However, it is not currently a requirement of ASCs contract to insist upon this as carers are unlikely to be paid for specific 'best practice sharing' or networking with colleagues unless ASC pay for this time. It would also present operational difficulties in rostering such a regular event as providers are unlikely to have the additional staff to cover shifts to allow for this.

4.3. Stage 3

- 4.3.1 *"All homecare workers will be paid at least the Living Wage (as of November 2013 it is currently £7.85 an hour for the whole of the UK apart from London. For London it is £9.15 an hour. The Living Wage will be calculated again in November 2015 and in each subsequent November). If Council employed homecare workers paid above this rate are outsourced it should be on the basis that the provider is required, and is funded, to maintain these pay levels throughout the contract."*

The current hourly rate for personal care sets out the staff pay rate at £7.60 which is already greater than the proposed new national minimum wage. However, the contract does not stipulate that providers have to pay this to staff. If the future plans to increase this rate to £9 by 2020 goes ahead then ASC will need to increase its hourly rate accordingly which could mean an increase of £509k per annum by 2020 (assuming the number of clients remains the same).

- 4.3.1 *"All homecare workers will be covered by an occupational sick pay scheme to ensure that staff do not feel pressurised to work when they are ill in order to protect the welfare of their vulnerable clients."*

As mentioned earlier in the report, carers are able to claim statutory sick pay where they are eligible. Some providers may have occupational sick pay schemes in place but this is not a requirement of ASCs contract. Some of the providers in Portsmouth are national while most are small local providers and therefore such schemes would provide too costly for them to operate. Therefore the cost of this would have to be recovered from PCC through an increase in its standard rate. It is not possible to estimate the increase in cost at this stage - ASC would need to ask providers to obtain their own costs first and then we would be able to model the impact on our standard rate.

4.4 Response from other Local Authorities

Directors in other Local Authorities across the south have been contacted with regard to the position they have taken in respect of the Ethical Care Charter. A range of responses have been received, some have not signed up to it, stating that their Members have a commitment to the provision of "ethical care" and although agreeing with most of the points contained within the Charter, believe it is a policy that should be led by Members.

Of those not signing the Charter, East Sussex have a joint working group with Unison looking at what they can sign up to and will review this periodically. Surrey has not signed but is working to address these issues through a Surrey County Council informal initiative. Hampshire have not signed stating that 'we do not feel the need to sign up the Unison charter, as we prefer to get on with changing the way care is delivered in a way that is right for the people of Hampshire'. Their approach is similar to much of what has been outlined in this report and it would be our recommendation to continue to adopt this approach

.....
Signed by Robert Watt
Director of Adult Services

Appendices:

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

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

Title of document	Location
Unison's Ethical Care Charter	https://www.unison.org.uk/content/uploads/2013/11/On-line-Catalogue220142.pdf

Original Notice of Motion

The commitments of the Ethical Care Charter

Proposed by Councillor Gerald Vernon-Jackson
Seconded by Councillor Lynne Stagg

Recognising that adoption of the Charter would be a decision reserved to the Executive, Full Council expresses its support for the objectives of the Ethical Care Charter in principle, subject to any formal adoption being considered by the Cabinet, should it so wish, once it has received a detailed report analysing the implications of adoption for clients, as well as the financial implications.

Stage 1

- The starting point for commissioning of visits will be client need and not minutes or tasks. Workers will have the freedom to provide appropriate care and will be given time to talk to their clients.
- The time allocated to visits will match the needs of the clients. In general, 15-minute visits will not be used as they undermine the dignity of the clients.
- Homecare workers will be paid for their travel time, their travel costs and other necessary expenses such as mobile phones.
- Visits will be scheduled so that homecare workers are not forced to rush their time with clients or leave their clients early to get to the next one on time.
- Those homecare workers who are eligible must be paid statutory sick pay.

Stage 2

- Clients will be allocated the same homecare worker(s) wherever possible.
- Zero hour contracts will not be used in place of permanent contracts.
- Providers will have a clear and accountable procedure for following up staff concerns about their clients' wellbeing.
- All homecare workers will be regularly trained to the necessary standard to provide a good service (at no cost to themselves and in work time).
- Homecare workers will be given the opportunity to regularly meet co-workers to share best practice and limit their isolation.

Stage 3

- All homecare workers will be paid at least the Living Wage (as of November 2013 it is currently £7.85 an hour for the whole of the UK apart from London. For London it is £9.15 an hour. The Living Wage will be calculated again in November 2015 and in each subsequent November). If Council employed homecare workers paid above this rate are outsourced it should be on the basis that the provider is required, and is funded, to maintain these pay levels throughout the contract.
- All homecare workers will be covered by an occupational sick pay scheme to ensure that staff do not feel pressurised to work when they are ill in order to protect the welfare of their vulnerable clients.

When homecare services are well run they can help to ensure that people are able to live with dignity and in comfort. But when they are delivered poorly they can have a devastating impact on the lives of care recipients and their families.

The over-riding objective behind the Charter is to establish a minimum baseline for the safety, quality and dignity of care by ensuring employment conditions which a) do not routinely short change clients and b) ensure the recruitment and retention of a more stable workforce through more sustainable pay, conditions and training levels.

Agenda Item 15

St George's Day Celebrations - Notion of Motion (Cabinet minute 54 refers)

DECISIONS:

- (1) That the date of St George's Day and those of the other UK's patron saints be promoted more widely for information.**
- (2) That communities be encouraged to lead their own events, using the Council's Events process, to mark St George's Day should they wish.**
- (3) That the specific UK country flags are flown in front of the Civic Offices to mark the relevant county saint's days e.g. the St George Cross on 23rd April, the Welsh flag on St David's Day (1st March) etc.**
- (4) That the Events Team continue to co-ordinate any activities as part of the national celebration of the 90th birthday of Her Majesty the Queen and to develop and work with the University of Portsmouth to commemorate the 400th anniversary of the death of William Shakespeare.**

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Agenda item:

Title of meeting: Cabinet Meeting

Date of meeting: 24th September 2015

Subject: St George's Day Celebrations

Report by: Director of Culture & City Development

Wards affected: None

Key decision: No

Full Council decision: No

1. Purpose of the Report

To consider a response to a question proposed through a Notice of Motion on 7th July 2015 by Cllr Galloway and seconded by Cllr Potter requesting the Events Team to consider an appropriate celebration to mark St George's Day in April 2016.

2. Recommendations

- 2.1 That the date of St George's Day and those of the other UK's patron saints be promoted more widely for information.
- 2.2 That communities be encouraged to lead their own events, using the Council's Events process, to mark St George's Day should they wish.
- 2.3 That the specific UK country flags are flown in front of the Civic Offices to mark the relevant county saint's days e.g. the St George Cross on 23rd April, the Welsh flag on St David's Day (1st March) etc.
- 2.4 That the Events Team continue to co-ordinate any activities as part of the national celebration of the 90th birthday of Her Majesty the Queen and to develop and work with the University of Portsmouth to commemorate the 400th anniversary of the death of William Shakespeare.

3. Background

- 3.1 Through a Notice of Motion on 7th July 2015 Cllrs Galloway and Potter highlighted that Nottingham Council had celebrated St George's Day with a special parade and had subsequently requested that the Events Team provide a report to the Cabinet

on proposals and associated costs to ensure that St George's Day is celebrated in a 'manner befitting a patron saint'.

- 3.2 Traditionally whilst the Events Team have co-ordinated a range of 'civic' events, including activities such as Mayor Making, Remembrance Sunday there have never been any bespoke celebrations of any of the UK's saints and therefore no plans or provision has ever been in place for a St George's Day celebration (nor any of the other UK patron saints).
- 3.3 The same date as St George's Day, 23rd April, is also recognised as the birth and death date of one of England's most celebrated writers, William Shakespeare and 23rd April 2016 will mark the 400th anniversary of his death. The Events Team have already been involved in some detailed discussions with the University of Portsmouth who are planning a Shakespeare Festival around this significant date for 2016 with a wide range of activities from an academic conference to a Romeo and Juliet style 'balcony scene' on a Portsmouth landmark building.
- 3.4 In light of the Shakespeare plans already being under discussion and key spaces, such as Guildhall Square booked, we would like to propose a promotion of the UK's patron saints days in parallel with encouraging communities in Portsmouth to organise and arrange their own event. Additionally we would highlight the relevant dates to other cultural and heritage organisations based in the city to encourage them to programme appropriate activities to raise awareness of the UK's patron saints.
- 3.5 The 21st April 2016 will be Her Majesty the Queen's 90th Birthday and we are anticipating that there will be a range of national celebrations during the April and May period. At the current time we have no further details on these but anticipate that the Events Team will be co-ordinating opportunities for these celebrations to be marked in the city. These events will potentially clash with any celebrations of St George's Day in 2016 as we believe they could be on the weekend 23/24 April.
- 3.6 We will ensure that the appropriate flags are flying outside of the Civic Offices on the UK patron saints days to ensure that we are marking the occasion.
- 3.7 As a result of the decreasing resources the Events Team have been working to encourage communities to organise their own celebrations of activities which are important to them. The team already supports a number of different communities mark activities which are important to them for example the Bangladeshi Community lead a flag raising ceremony to mark their National Day and a similar flag based event has taken place recently following a request from Gibraltarians based in the city.
- 3.8 It should also be noted that when elections in May are scheduled then St George's Day on 23rd April has previously fallen within the Purdah period for Members in the run up to the elections.

4. Reasons for recommendations

- 4.1 We are keen to encourage more communities to get involved in arranging and organising their own events and promoting celebrations on each of the UK's patron saints days could be supported.
- 4.2 The commitment and potential scope of both the marking of the national celebrations for the Queen's 90th birthday on 21st April and the University of Portsmouth's Shakespeare Festival in April 2016 means that a celebration of St George's Day on 23rd April 2016 would result in a potential clash of activities and a dilution of audiences.
- 4.3 That we need to be mindful of the organisation of events during the Purdah period.

5. Equality impact assessment (EIA)

- 5.1 An Equality Impact Assessment is not required as this is not a change to policy or service delivery.

6. Head of Finance's comments

- 6.1 The council's funding for directly promoted Events has reduced by £33,500 over the past two years therefore any events which are programmed to celebrate St George or any other patron saints will have to be self-funding.

7 Legal Comments

- 7.1 As is made clear in the report the celebration of national saints days is a matter for each community and there is no legal requirement to celebrate such a day or not. The Council has a discretionary power under the Local Government Act 2000 to promote local well-being but no obligation to do so. Although no Equality Impact Assessment is required the Council must take any decisions in accordance with its Public Sector Equality Duty.

.....
Signed by:
Claire Upton-Brown
Assistant Director Culture & City Development

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

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Original Notice of Motion

St George's Day

Proposed by Councillor Colin Galloway
Seconded by Councillor Stuart Potter

This year, Nottingham Council celebrated St George's Day with a parade. What made this event so unusual is firstly, the fact that people of Nottingham showed vague feelings of patriotism and secondly that the festivities were enjoyed by all even though it was not recognised as a public holiday.

Meanwhile down in Portsmouth the city council held a full council meeting on the 17th March and some councillors had the temerity to appear in the Chamber flaunting various shades of green - a sign of respect to the patron saint of Ireland, St Patrick because 17 March is more commonly known as St Patrick's Day

At a recent unofficial survey, in and around parts of Portsmouth, people were asked when was St Patrick's Day and when was St George's Day. 17% could identify St Patrick's Day and not one could give the date for poor old St George.

Here is a controversial anomaly - Northern Ireland is a very proud part of the United Kingdom - the UNITED Kingdom. On the 17 March - every year St Patrick's Day is celebrated on that day which has been declared to be a bank holiday in the Republic of Ireland and Northern Ireland. Imagine that. A public holiday to celebrate a patron saint.

Now, more than ever, it is time to be proud and patriotic. We should not shy away from what we are.

The council therefore resolves to request the Cabinet:

To ask the Events Team to report to the Cabinet on proposals and associated costs to ensure that St George's Day is celebrated in a manner befitting a patron saint and to make all the necessary arrangements to involve everyone in Portsmouth to help celebrate the occasion and to write to the relevant Department in Central Government to promulgate a public holiday for all patron saint's days within our united kingdom.

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Agenda Item 16

Response to Notice of Motion - regarding the Administration's Handling of the Emirates Tower Deal (Cabinet minute 55 refers)

DECISIONS: The Cabinet -

- (1) welcomes the city's association with Emirates Airlines as a result of the Tower deal;**
- (2) notes that the payments to the City Council that will be generated exceed all expectations and that the promotion of Portsmouth on Emirates' flights should boost the tourist trade and raise the city's profile among potential investors;**
- (3) further notes that while some members of the council have criticized the deal, none has put forward any additional savings to offset the loss of income that would have resulted from not proceeding. Furthermore no-one from the Liberal Democrat group has ever explained why, if finding alternative sponsors is so easy - they never managed to do so during their ten years in charge of the council;**
- (4) therefore considers that the deal was well handled.**

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Original Notice of Motion

Proposed by Councillor Lee Hunt
Seconded by Councillor Ben Dowling

"This Council regrets the way this Administration has handled the Emirates Tower deal".

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Agenda Item 18



Portsmouth CITY COUNCIL

COUNCIL MEETING

QUESTIONS FOR THE CABINET OR CHAIR UNDER STANDING ORDER NO 17

CITY COUNCIL MEETING – 13 October 2015

QUESTION NO 1

FROM: COUNCILLOR JULIE SWAN

TO REPLY: CABINET MEMBER FOR TRAFFIC AND
TRANSPORTATION
COUNCILLOR KEN ELLCOME

In a recent survey the residents of Fratton Ward were asked if they wanted to keep or scrap residents parking. The result of this is that the former GA Zone has now considerably shrunk in size and it looks as though the new scheme will limit households to two permits.

Will the cabinet member please confirm that they will be informing residents in the new scheme area of these proposed limits, and provide details to both residents in the outlying areas where parking has been removed and the Ward Councillors on how they intend to manage parking on the roads outside of this zone which have traditionally suffered as a result of both commuter and football match day parking problems.

QUESTION NO 2

FROM: COUNCILLOR COLIN GALLOWAY

TO REPLY: CHAIR OF GOVERNANCE & AUDIT & STANDARDS
COMMITTEE
COUNCILLOR SIMON BOSHER

Is the Governance and Audit Standards Committee able to give this council an update with full costing details of the progress at moving towards a more open and transparent committee system of governance as proposed in full council in January 2015?

QUESTION NO 3

FROM: COUNCILLOR STUART POTTER

TO REPLY: LEADER OF THE COUNCIL
COUNCILLOR DONNA JONES

Can the leader supply an update on the progress of the UKIP motion put forward addressing the sewage problem in and around Langstone harbour? Have the government departments officially responded yet?