

NOTICE OF MEETING

CABINET

THURSDAY, 24 SEPTEMBER 2015 AT 1.00 PM

COUNCIL CHAMBER, SECOND FLOOR, THE GUILDHALL

Telephone enquiries to Joanne Wildsmith 023 9283 4057

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Membership

Councillor Donna Jones (Chair)

Councillor Luke Stubbs
Councillor Ken Ellcome
Councillor Lee Mason
Councillor Robert New

Councillor Linda Symes
Councillor Steve Wemyss
Councillor Neill Young

(NB This Agenda should be retained for future reference with the minutes of this meeting.)

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Deputations by members of the public may be made on any item where a decision is going to be taken. The request should be made in writing to the contact officer (above) by 12 noon of the working day before the meeting, and must include the purpose of the deputation (for example, for or against the recommendations). Email requests are accepted.

AGENDA

- 1 **Apologies for Absence**
- 2 **Declarations of Interests**
- 3 **Record of Previous Decision Meeting - 3 July 2015 (Pages 1 - 6)**

A copy of the record of the previous decisions taken at Cabinet on 3 July 2015 are attached.

RECOMMENDED that the record of decisions of the previous Cabinet meeting held on 3 July 2015 be approved as a correct record and signed by the Leader.

- 4 **Matter Arising from Record of Decisions of 3 July**

Minute 42 - Flood Prevention Works

The Director of Transport, Environment and Business Support to give an update on the progress of works.

5 ECYP Scrutiny Panel - A review into progress against the Youth Offending Team Improvement Plan - with response report (Pages 7 - 60)

The Director of Children's Social Care's report is in reply to the recent review by the Education, Children and Young People Scrutiny Panel (chaired by Councillor Purvis) of the Youth Offending Team's Improvement Plan, which was in response to Her Majesty's Inspectorate of Probation's (HMIP) report of 2013.

RECOMMENDED

- (1) That the panel is thanked for its work in undertaking a thorough review.**
- (2) That Cabinet notes and supports the recommendations in that report.**
- (3) That Cabinet notes the further inspection report of HMIP published 2nd September 2015, with corresponding endorsement of service improvement and development made within the Youth Offending Team.**

6 Review of the HMIP (Probation) Inspection report and Inspection Improvement Plan (Pages 61 - 64)

The report by the Director of Children's Social Care seeks to update the Cabinet on the outcome of Her Majesty's Inspectorate of Probation (HMIP) Full Joint Re-Inspection of Youth Offending within the City and proposed Inspection Improvement Plan.

RECOMMENDED that Cabinet notes the achievements made by the Youth Offending Team in improving practice and endorses the plan to make further improvements based upon the recommendations of the inspectorate.

7 Ethical Care Charter - response to Notice of Motion (Pages 65 - 70)

Purpose

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.

RECOMMENDED that Cabinet note this report.

8 St.George's Day Celebration - Notice of Motion (Pages 71 - 74)

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.

RECOMMENDED:

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.

9 Response to Notice of Motion - regarding the Administration's handling of the Emirates Tower Deal

This Notice of Motion was not debated but referred from Council to Cabinet, at the Council meeting of 7 July 2015. The Notice of Motion (Councillors Hunt/Dowling) stated:

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

A verbal response will be made by the Leader of the Council, which will be reported back to the next Council meeting.

10 Forward Plan Omission

The Property Disposal in Isambard Brunel Road (including Chaucer House) report was omitted from the Forward Plan for September 2015 published on 21 August. The Chair of the City Council's Scrutiny Management Panel has been notified and a public notice published.

RECOMMENDED that the omission to the Forward Plan for September 2015 be noted and that the necessary public notice has been published.

11 Disposal of property on Isambard Brunel Road, including Chaucer House (Pages 75 - 82)

Purpose of report

To seek authority to dispose of surplus property on Isambard Brunel Road, including Chaucer House, 32 Isambard Brunel Road, Great Western House, the former Navigators Resource Centre, and potentially parts of the highway (adopted and otherwise), subject to the necessary agreements, stopping up as may be reasonably required.

RECOMMENDED

- (1) That, Chaucer House, Great Western House, and the former Navigators Resource Centre be declared surplus to Council requirements and marketed for redevelopment.

(2) That following the marketing of the site the Corporate Asset Development Board in consultation with the Director of Finance, be empowered to select an offer including the method of disposal for redevelopment, which could include but not be limited to;

- **Freehold or leasehold sale**
- **Entering a Joint venture arrangement with a third party**

(3) The Director of Property, the Director of Finance & Section 151 Officer, and the City Solicitor, be given authority to secure vacant possession of the site (as identified in Appendix 1) and to complete all necessary documentation required to complete the transaction as per 2.2 above.

12 Treasury Management Outturn 2014/15 (Pages 83 - 106)

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 the report by the Director of Finance and Section 151 Officer.

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.

The recommendations, as contained within the report, will be forwarded to Council for approval.

13 Reinvestment of Investment Strategy and Treasury Management Monitoring Report for 1st Quarter of 2015/16 (Pages 107 - 124)

The purpose of the report by the Director of Finance & Section 151 Officer 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.

The recommendations, as contained within the report, are forwarded to Council for approval.

14 Revenue Budget Monitoring 2015/16 1st Quarter to end June 2015 (Pages 125 - 154)

The purpose of the report by the Director of Finance and Section 151 Officer 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.

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.

15 Standing Order 58 - Property in Priory Crescent Milton (information item)

Members to note that the Chief Executive exercised his powers under Standing Order 58 on 10 September 2015 to enable the release of MTRS the sum of £365,000, the purchase cost of 38 Priory Crescent, Milton.

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.

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Agenda Item 3

CABINET

RECORD OF DECISIONS of the meeting of the Cabinet held on Friday, 3 July 2015 at 1.00 pm at the Guildhall, Portsmouth

Present

Councillor Donna Jones (in the Chair)

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

38. Apologies for Absence (AI 1)

None.

39. Declarations of Interests (AI 2)

Regarding agenda item 6 (Friendship Agreement) Councillor Wemyss is a co-opted member of the Duisburg-Portsmouth Friendship Committee, which is not a pecuniary or personal interest.

40. Record of Previous Decision Meeting - 11 June 2015 (AI 3)

DECISION: that the record of decisions of the Cabinet meeting held on 11 June be approved as a correct record and signed by the Chair.

41. TECS Scrutiny panel - safety around schools - with response report (AI 4)

Alan Cufley, Director of Transport, Environment & Business Support presented the response report and would be working with his colleagues as well as the appropriate Cabinet Members to alleviate concerns and to meet the expectations raised by this review, as set out in the recommendations within the response report. (Councillor Potter, chair of the TECS Scrutiny Panel, apologised for not being able to attend the meeting.)

Councillor Ellcome, as Cabinet Member for Traffic & Transportation, reported that PCC are seeking to recruit more school crossing attendants. The Cabinet thanked the TECS Scrutiny Panel for its comprehensive report.

DECISIONS:

(1) The Panel was thanked for its work in undertaking the review.

- (2) **The Traffic, Environment and Community Safety Scrutiny Panel's recommendations be approved in line with the responses noted in paragraph 4 of the report by the Director of Transport, Environment, and Business Support.**
- (3) **The Cabinet Member for Traffic & Transportation would oversee the enforcement of the recommendations through his portfolio.**

42. Flood Prevention Works - North Portsea and Southsea (AI 5)

a) North Portsea Flood Defences

Alan Cufley, Director of Transport, Environment & Business Support presented the report with Guy Mason, Coastal Defence Manager, which outlined the progress made. He updated the consultation information - the drop-in surgeries were being held on Tuesdays and Thursdays (not Wednesdays).

Councillor New, Cabinet Member for Environment & Community Safety, was pleased that there had been positive feedback from the residents' consultation and that as well as offering protection there would also be enhanced areas for recreational use.

DECISION: The Cabinet noted the contents of the report.

b) Southsea Flood Defences

Councillor Gerald Vernon-Jackson addressed the Cabinet welcoming both of the flood defence reports and the works taking place and asked that the opposition spokespersons be kept informed of progress as well as the Cabinet Member. It was confirmed that the Cabinet Member for Environment & Community Safety and the spokespersons were being updated. Alan Cufley further stated that the Environment Agency would be looking at how councils corporately support the Southsea scheme and there would be dialogue on where the physical barriers will be before further permission is sought and further bids are made for other sources of funding. Guy Mason reported that they would be going back to the Environment Agency Large Project Review Group, the following week, to further the council's business case for Southsea Flood Defences and would be scrutinised regarding contributions.

DECISION The Cabinet:

(1) Approved the appointment of the Director of Transport, Environment and Business Support as the Senior Responsible Owner for the project.

(2) Noted that the scheme of delegations accommodates the Project by delegating, to the Director of Transport, Environment and Business Support, the responsibility for the delivery of the scheme with the control and oversight of the Deputy Chief

Executive (and City Solicitor) and the Head of Finance & Section 151 officer.

(3) Noted that the Director of Transport, Environment and Business Support will report regularly on progress to the Cabinet Member for Environment and Community Safety and the Opposition Spokespersons.

43. Notice of Motion - Friendship agreement with Zhuhai (AI 6)

Robert Parkin, Deputy City Solicitor, presented the City Solicitor's report on behalf of Michael Lawther, which set out the mutual benefits of a twinning arrangement, including increasing tourism opportunities. Councillor Donna Jones, as Leader, welcomed this proposal.

Councillor Lee Mason reported that this had been discussed and supported at the Twinning Advisory Group, and hoped that there could be cross party support, having worked with Councillor Gray to seek to alleviate his concerns. The Cabinet members felt that wider concerns of human and animal rights issues abroad could be best influenced through dialogue with both partner cities and companies engaged in business with the city council.

RECOMMENDED that Council approve the friendship agreement with Zhuhai.

44. Notice of Motion - Animal Welfare (AI 7)

Robert Parkin, Deputy City Solicitor, presented the City Solicitor's report which set out how various departments responded to the areas of the Animal Charter. Councillor Donna Jones, as Leader, was pleased to see how many areas the council is already enforcing sympathetic policies such as in the licensing of fairs and control of circuses, and she thanked the officers involved in the compilation of the report.

RECOMMENDED that Council note the position as set out in the report.

45. Property Investment Strategy 2015/16 - 2019/20 (AI 8)

Tom Southall, Property & Investment Manager, presented the report for the Director of Property & Housing, which sought approval for the strategy and would ask Council for the funding from the Capital Programme to establish the £30 million fund.

Councillor Stubbs, as Cabinet Member for Planning, Regeneration & Economic Development (PRED), requested a fourth recommendation for Cabinet to receive an annual report on the performance of this fund.

Councillor Gerald Vernon-Jackson addressed the Cabinet, welcoming the report and the suggested annual report back, and hoped that there would be involvement of the opposition spokespersons for the PRED portfolio.

Councillor Donna Jones, Leader of the Council, welcomed the establishment of "Portsmouth PLC" through this strategy and investment fund, and was pleased that the Administration was proactive in the council creating its own income. She would be working closely with Councillor Stubbs, Claire Upton-Brown and Tom Southall to ensure the swift implementation of the strategy. Councillor Stubbs stressed that the £30m was a starting point, not a fixed sum for the investment.

DECISIONS:-

(1) The Cabinet:

- i. Acknowledge and endorse the Investment Property Strategy 2015/16 - 2019/20 (attached as appendix 1 of the report) to be used as a guide to investments.**
- ii. Empowers the Corporate Asset Development Board to recommend and reject the purchase of investments including the sanctioning of formal offers and counter offers (due to the need for timely decision making in this type of industry and the need to respond to opportunities quickly).**
- iii. Agrees to give delegated authority to the Director of Property and the Director of Finance & Section 151 Officer, taking advice from the City Solicitor, and in consultation with the Leader of the City Council and the Cabinet Member for PRED, to approve the completion of investment purchases. This to be conditional upon the City Council approving the budget pursuant to recommendation (2) below.**
- iv. That an annual report be submitted to Cabinet summarising the activity within the Property Investment Fund including the fund's financial performance.**

(2) Cabinet RECOMMENDS to the City Council that authority is delegated to the Director of Finance and Section 151 Officer in consultation with the Leader of the Council and the Cabinet Member for PRED to:

- i) Amend the Corporate Capital Programme to create a Property Investment Fund of up to £30m financed from Prudential borrowing in 2015/16 and future years, to acquire additional investment property.**
- ii) Borrow as required for investment property purchases subject to a robust financial appraisal approved by the Director of Finance & S151 Officer that meets the criteria contained within the Property Investment Strategy and has proper regard to the following:**

- **The relevant capital and revenue costs and income resulting from the investment over the whole life of the asset.**
- **The extent to which the investment is expected to deliver a secure ongoing income stream.**
- **The level of expected return on the investment.**
- **The payback period of the capital investment.**

46. Developing proposals for devolved powers and responsibilities (AI 9)

David Williams, Chief Executive, presented his report and stressed that this was not about merger or takeover of local councils, instead it was about devolving national powers to a more local level, to the benefit of our residents. The original areas for devolution of powers of planning and transport were being broadened, and at Manchester they were also looking at health and social care. These proposals required significant discussion with other councils in the area to secure a good deal from the government. This would be a complex process due to the different pressures and issues for the councils involved. There may also be devolution of powers from other agencies who currently work in partnership with councils.

Regarding the issue of directly elected mayors, whilst this was a prerequisite where police and crime commissioner powers were taken on, this would not be required for other combined authorities. Even if there was a local consensus to the combined authority approach this would need central government approval. A further report would be needed to set out formal decision making arrangements for this to happen, and the Chief Executive would be speaking to the Leader and other group leaders in the meantime.

Councillor Gerald Vernon-Jackson addressed the Cabinet whose comments included welcoming the report, seeking assurances that the powers were being devolved downwards, making explicit that the Lord Mayor of Portsmouth's role would not be affected, ensuring Portsmouth decides spatial planning and housing numbers for the city, seeking reassurance that a congestion charge could not be imposed, and to ensure there is public consultation. He also felt the bid could include greater powers regarding motorways, the creation of a Hampshire Planning Inspectorate, and being able to scrutinise the decisions of the Boards.

In response Councillor Donna Jones, Leader, spoke regarding the preservation of the non-political role of the Lord Mayor of Portsmouth and felt that the elected mayor model would not be suitable for all areas (and was not being imposed for Cornwall). The whole of Hampshire could request to have a Chair of the Combined Authority. Whilst some of the extra suggested powers were desirable, the bid would need to be achievable in a swift timescale. Portsmouth City Council would remain a unitary authority but there could be efficiencies in working closely with other local authorities.

The Leader was working closely with Councillor Letts (Leader of Southampton City Council) and Councillor Bacon (Leader of the Isle of Wight Council) to give consideration to powers of veto for the unitary authorities to avoid impositions of measures e.g. congestion charges. She asked the Cabinet to give the power to the Chief Executive and the Leader. This would be a coming together of Leaders of Hampshire councils to make faster decisions and was not adding a 3rd tier of government. Portsmouth City Council would remain as it is unless decided otherwise by the full Council which would require constitutional changes. This report required an Executive rather than Council decision, and there would be a report back as this progressed. The Cabinet Members were supportive of this approach and the benefits that could be gained.

DECISION: the Cabinet is agreed that:

- 1) The Leader of the Council and Chief Executive continue to work with other authorities in the wider Hampshire area to develop a proposal for submission to Government to achieve devolved powers and responsibilities from Central Government that will lead to better outcomes for local people.**
- 2) This submission should include a proposal for a new governance arrangement, covering the geographical area of Hampshire and the Isle of Wight that would enable binding decisions to be made.**
- 3) Delegated authority is given to the Chief Executive and Leader of the Council, in consultation with the Opposition Group Leaders, to approve the initial proposal for submission to Central Government.**

Cabinet RECOMMEND to Council:

- 1) Given the potential significance of the proposals, that this report be presented to Full Council to note.***

(*Note - as 1-3 are Executive decisions they consequently are not subject to full Council approval or any amendments under current legislative provisions)

The meeting concluded at 2.05 pm.

Councillor Donna Jones
Leader of the Council

Agenda Item 5



Portsmouth CITY COUNCIL

EDUCATION, CHILDREN AND YOUNG PEOPLE SCRUTINY PANEL

A REVIEW INTO PROGRESS AGAINST THE YOUTH OFFENDING TEAM IMPROVEMENT PLAN

Date published: 16 June 2015

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

PREFACE

The Education, Children and Young People Scrutiny Panel undertook a review into progress against the Youth Offending Team Improvement Plan. This was drawn up following an Ofsted inspection November 2013 which had identified particular weaknesses in Portsmouth, together with higher than average rates of reoffending.

The aim of this review was to investigate how the council and partners are responding to the finding of the YOT inspection in 2013, and the progress against the subsequent Improvement Plan.

During the review which was carried out between February 2015 and June 2015, the Panel received evidence from a number of sources, which it used to draw up a series of recommendations to submit to the Cabinet. The Panel noted that good progress is being made in implementing the actions on the improvement plan and that good progress is being made with reducing re-offending rates and custody rates. The Panel also found the governance of the YOT Board to be strong and felt that the YOT team had adapted to recent changes in a professional manner.

I would like to convey, on behalf of the Panel my sincere thanks to all the officers and witnesses who contributed to making this review a success.

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

Date: 16 June 2015

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EXECUTIVE SUMMARY

1. To consider progress against the three national indicators

Portsmouth Youth Offending Team (PYOT) is measured nationally against three key performance indicators; Preventing First Time Entrants (FTE's) into the Youth Justice System, Reducing the Rate of Reoffending and Reducing the Rate of Custody.

The Panel learned that the trend for FTE's since 2009 is downwards however in comparison with 12 months ago there has been a slight increase. Measures are in place to address these concerns including multi agency triage panels to ensure that only those who need to progress into the Youth Justice System do so. Data for reoffending rates is historic and the reoffending rates relates to a cohort of young people who first offended two years ago. There has been a more recent downward trend in reoffending rates and the number of offences per offender is slowly reducing. There has been a significant reduction in custody rates in the last year and figures for Quarter 3 continue to decrease which is encouraging. One reason for this is improved practices and integrated working across the city by PYOT in recent months to ensure that the highest risk young people are effectively targeted.

2. To consider progress against the Improvement Plan

The Panel were advised that following the HMIP inspection a number of areas had been recommended for improvement. They had however noted that there were some positive developments and signs of encouragement with developing YOT management and staff groups. The Improvement Plan is split into part A, which focusses on improvements at Board level, and part B which focuses on improvements at team level. During the review the Panel received copies of Part A and Part B of the Improvement Plan each time this had been updated following the YOT Board meetings.

All of the actions within Part A of the Improvement Plan had been completed with the final few actions being signed off at the March YOT Board meeting. Huge progress had been made on Part B and all of the actions had seen some progress. There were a few areas where the actions were yet to be signed off as green but measures were in place to ensure that these would be signed off in the next few months.

3. To consider the effectiveness of management and governance arrangements through the YOT Management Board

The Panel were advised of the composition and role of the YOT. The YOT Board provides oversight, support and challenge to the Youth Justice Services in Portsmouth. The panel received evidence from the Chair of the YOT Board, Superintendent Stuart Murray, about the induction process for new members which included meeting with the chair, working through a handbook and visiting the YOT team to see

work in progress. Superintendent Murray is due to step down from the role later this year and would be replaced by Chief Superintendent Will Schofield. The Panel felt that Chief Superintendent Murray had done an excellent job in improving the governance of the YOT Board and were confident that arrangements were in place to ensure a smooth transition to the new YOT Board Chair. Work has taken place between the Board and the management team and two development days had taken place to bring the two closer together. There had been a lot of cultural change in the team about how to work differently and with partners and there was now a much improved feeling and morale within the team.

The induction process for the YOT team had been reviewed and revised last summer and is working well. The Panel felt that the YOT now had an excellent staff and the right systems were in place to continue the team's improvement journey.

4. To assess how well the partnership is integrating interventions with young people

The Panel received evidence from the Inclusion Commissioning Manager about how the partnership is integrating interventions by working with education. The education link worker provides a link between the YOT, schools and colleges and also retains strong links with existing teams within education. The link worker focussed on getting post 16 young offenders into education, employment or training and there is now strong evidence that increasing number of young people are now accessing education, employment or training. Plans are in place to increase the attendance of school-age children not accessing full time education and this is reviewed for children on part time timetables. An education audit is due to be completed by the end of April which will address these issues.

The Panel also heard from the Locality Manager at Solent NHS Trust about the assessment and intervention service for children and young people. The YOT has a specialist Child and Adolescent Mental Health (CAMHS) nurse attached who provides mental health consultation, training and direct work. The CAMHS team are assisting the YOT in identifying further training requirements for staff which is not currently in place.

5. To consider how effectively service users including victims are engaging with the YOT

The PYOT is committed to ensuring that young people, parents/carers and their victims are effectively worked with and has a comprehensive document for all new starters detailing how it can facilitate young people's compliance with their intervention plan. In addition to this there are several other actions that YOT staff should undertake with all young people that they work with.

One of these is the Viewpoint questionnaire which young people are asked to complete at the end of their supervision. The results of these are aggregated into a spreadsheet twice a year to address the feedback from these questionnaires. The results of the 2014/15 survey were very encouraging with 67% of the young people who felt the service given to them by the YOT was very good and 26% who felt it was good.

Conclusions

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

1. The panel noted that the YOT team had undergone substantial change and have adapted to this in a professional manner. The YOT now had an excellent staff and the right systems are in place.
2. Good progress is being made with reducing re-offending rates and reducing custody rates with figures continuing to decrease. The panel noted that figures for first time entrants had increased slightly in comparison to 12 months ago.
3. The Panel felt that Chief Superintendent Murray had done an excellent job in improving the governance of the YOT Board and were confident that arrangements were in place to ensure a smooth transition to the new YOT Board Chair.
4. The panel welcomed the progress made to date on implementing the actions on the YOT improvement plan and particularly welcomed the co-location of CAMHS and substance misuse workers within the YOT Team. The panel noted that there are still some actions to be signed off as green and that work is underway to ensure that these would be signed off in the next few months.
5. Results from the 2014/15 viewpoint questionnaire given to the YOT cohort are very positive. The incoming Restorative Justice Worker will be reviewing feedback from the victim satisfaction forms.

Recommendations

1. To ensure that continuing support is provided to the team for embedding change and adequate time is given to reflect upon their recent training (conclusion 1).
2. That the YOT team are given recognition for their hard work and commitment and that the YOT Manager makes enquiries about what mechanisms are in place to reward the team. (conclusion 1)
3. That the multi-agency triage panel due for implementation in April continues to progress to reduce the number of first time entrants to ensure that only those who need to progress through the Youth Justice System do so. (conclusion 2)
4. That progress continues with the Integration of the YOT with education (conclusion 4)
5. To ensure that audits on health and education are completed and fully assessed (conclusion 4)
6. To ensure that the Restorative Justice Worker is given the full support needed to address the feedback from the Victim

Satisfaction Forms and complete the strategy document (conclusion 5)

The budgetary and policy implications of these recommendations are set out in section 11 on pages 22-23.

1. Purpose.

The purpose of this report is to present the Cabinet with the recommendations of the Education, Children and Young People Scrutiny Panel following its review into progress against the Youth Offending Team Improvement Plan.

2. Background.

2.1 The Portsmouth Youth Offending Team (PYOT) was established on 1 April 2012 following disaggregation from Wessex Youth Offending Team. Following this published data on first time entrants to the criminal justice system in Portsmouth had showed substantial improvement. However, HMIP had chosen to inspect Portsmouth in November 2013 primarily because of concerns arising from the core case inspection of Wessex YOT in 2011, which had identified particular weaknesses in Portsmouth, together with higher than average rates of reoffending. Areas where improvements were identified were:

- Governance
- Performance Management
- Partnerships
- Professional Practice

2.2 A post inspection improvement plan was drawn up and the Education, Children and Young People Panel (henceforth referred to in this report as the Panel) felt it was an appropriate time to scrutinise this leading up to the next YOT Inspection due in May 2015.

2.3 The review of the Youth Offending Team Improvement Plan was undertaken by the Education, Children and Young People Scrutiny Panel, which comprised:

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

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

2.4 At its meeting on 24 February 2015, the Panel agreed the following objectives for a scrutiny review of progress against the PYOT Improvement Plan:

- To consider performance against the three National Indicators

- To consider progress against the Improvement Plan
 - To consider the effectiveness of management and Governance arrangements through the PYOT Management Board
 - To assess how well the partnership is integrating interventions with young people
 - To consider how effectively service users including victims are engaging with the PYOT
- 2.5 The Panel met formally to discuss the review on three occasions between 2 February 2015 and 16 June 2015.
- 2.6 A list of meetings held by the Panel and details of the written evidence received can be found in *appendix one*. A glossary of terms used in this report can be found in *appendix two*. The minutes of the Panel's meetings and the documentation reviewed by the Panel are published on the council's website www.portsmouthcc.gov.uk.

3. To consider performance against the three National Indicators

- 3.1 The Panel received evidence from the PYOT Manager. He advised that PYOT is measured nationally against three Key Performance Indicators; Preventing First Time Entrants Into the Youth Justice System, Reducing the Rate of Re-Offending and Reducing the Rate of Custody. As well as measuring the trends of the last three years' worth of data, locally, the PYOT Management Board has set a target of being in the top three of their comparator YOTs by 2016.

Reducing First Time Entrants into the Youth Justice System

- 3.2 The graphs below paint a mixed picture. The trend of First Time Entrants (FTE) since 2009 is clearly downwards. In many respects this is a success story. It is one that is also replicated across the country.
- 3.3 However, it is a concern that this decline has plateaued and in Quarter 2 of 2014/15 there is even an increase. There has been a reduction in the three year trend (and also from Quarter 2 to Quarter 3). However in comparison with 12 months ago, there has been an increase in FTE. This increase is in contrast to what other YOTs have experienced in last 12 months. In many respects the figures are figures in this respect may be seen as a reflection on the support provided to young people (including those beneath the age of criminal responsibility) to address the complex criminogenic needs which some of them may exhibit prior to involvement with the Youth Justice System.
- 3.4 Work is already underway to address these concerns and the rise in FTE's. The Children's Trust is developing Multi Agency Teams to ensure joined up early intervention is focussed at those who need it. In relation to offending Multi Agency Triage Panels are planned for roll out in April- again to ensure bespoke interventions are offered; to ensure only those who need to progress through into the Youth Justice System do so. Any young person who comes into contact with the police who reaches a

certain criteria will be discussed at a multi-agency panel and it is anticipated this would have a significant impact on reducing first time entrants into the youth justice system.

3.5 Fig 1

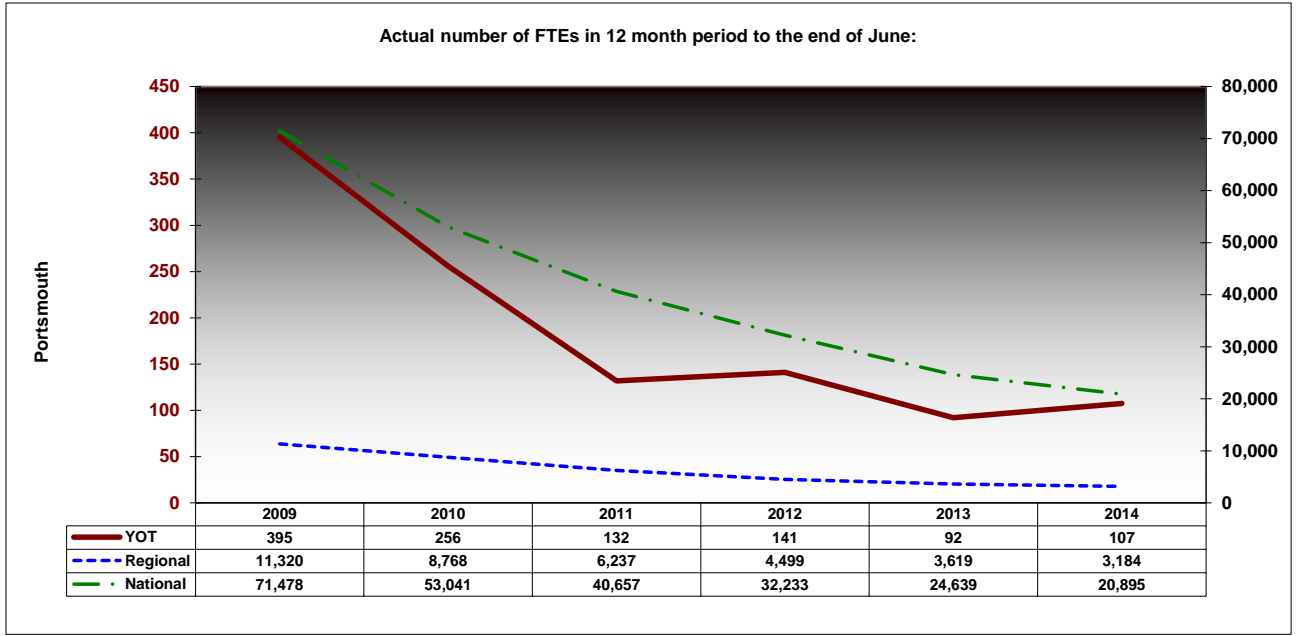
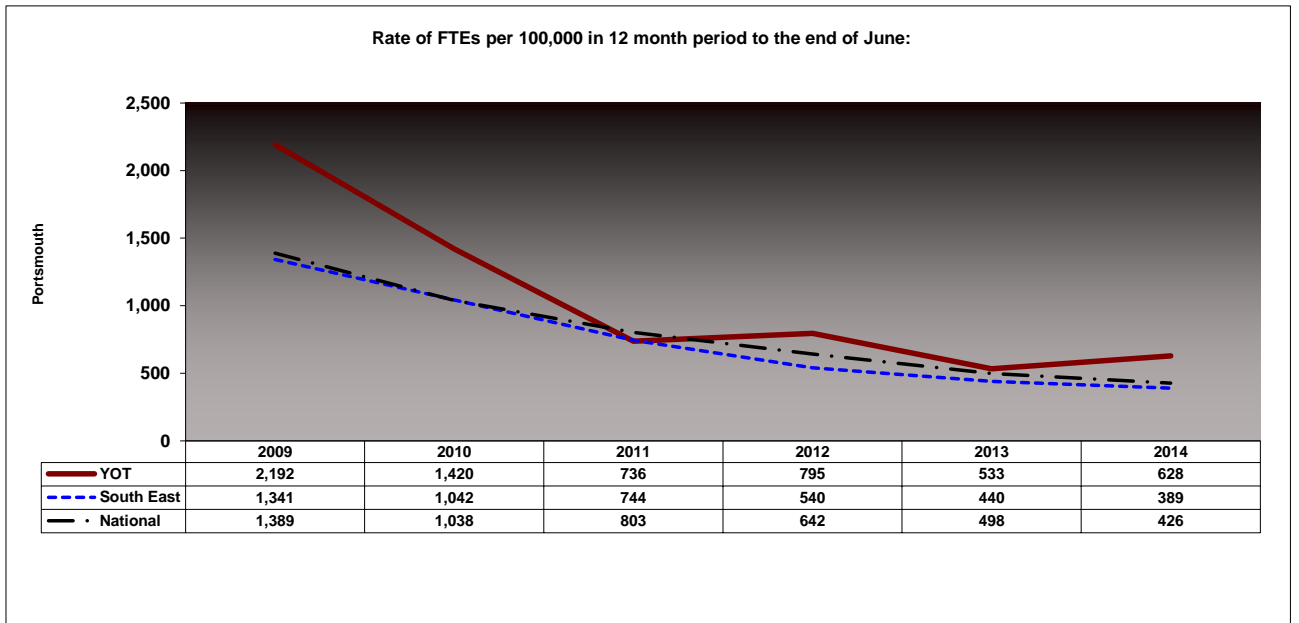


Fig 2



Re-offending rates

Fig 3; Re-offending Data

Portsmouth Trend Data					
Quarter	Cohort Size	Re-offenders within 12 months	Re-offences within 12 months	Offences per offender	Proportion of YPs who re-offend
Q1 (13/14)	350	164	636	1.82	46.9%
Q2 (13/14)	343	168	653	1.90	49.0%
Q3 (13/14)	333	161	608	1.83	48.3%
Q4 (13/14)	323	158	614	1.90	48.9%
Q1 (14/15)	304	138	550	1.81	45.4%
Q2 (14/15)	277	123	506	1.83	44.4%

3.6 As is evident from the chart above (fig 3), there is a downward trend in re-offending rates although offences per offender has plateaued. It should be noted that data for this particular measure is historic and the re-offending rates relates to a cohort of young people who first offended three years ago. In Quarter 3 the reoffending rates per offender reduced to 1.74. So, the data for Quarter 3 14/15 relates to a group of young offenders coming into contact with the YOT from April 2012 to March 2013. The YOT is currently using a live tracker to measure real time re-offending rates. This indicates that currently the projected National Binary rate of re-offending is 23.5%. In Portsmouth the projected rate is 13.1%. In addition the projected National Frequency Rate is 0.78%. In Portsmouth it is 0.46%. Re-offending rates therefore sit encouragingly below projected national averages for both measures. It is the historical figure which is measured nationally. The PYOT is currently using a live tracker to measure real - time reoffending rates.

3.7 There are a number of reasons for this reduction and the PYOT manager felt that greater joined up working between agencies in the city and improved PYOT practices since disaggregation from Wessex YOT have played a part.

3.8 The YJB measured re-offending rates which are still high when compared to other YOTs though and there is still considerable work to undertake. However, the YJB advised in their quarterly report for Q2 14/15 that *"Performance has improved against both the binary and the frequency measures of reoffending during the period between Jan-Dec 11 and Jan-Dec 12 in line with the national trend although set against the trend towards a deterioration across the South East. (A mixed picture can be seen across Hampshire). It is noted that the improvements seen in Portsmouth are of a greater magnitude than those seen either nationally or across the South East or Hampshire."*

Reducing Custody Rates

3.9 The PYOT Manager said that, there has been a significant reduction in custody rates in the last year as is evident from the chart below (fig 4)

Fig 4 Custody Rate Data

Portsmouth Trend Data		
Quarter	Number of Custodial Sentences	Rate per 1,000
Q1 13/14	26	1.50
Q2 13/14	22	1.27
Q3 13/14	16	0.92
Q4 13/14	12	0.69
Q1 14/15	6	0.35
Q2 14/15	9	0.53

3.10 Rates for Quarter 2 of 2014/15 did increase although the figure is skewed slightly as one young person had his custodial sentence overturned on appeal in Quarter 3. The rate for Quarter 2 was therefore more likely to be similar to that of Quarter 1. Nonetheless, the rate is still lower than the start of the financial year. The speed of this decline over the last 18 months has been commented upon by the YJB who were impressed by this rate of decrease and in their most recent quarterly report they commented that *"Performance has improved substantially. Whilst this is in line with the trend seen nationally and across both the South East and Hampshire improvements seen in Portsmouth are to a much greater magnitude. In turn whilst actual performance remains weaker than the national average and also the South East and Hampshire averages, it is now much closer aligned which is a development that is welcomed."* Figures for Quarter 3 continue to decrease and are 0.47 per 1,000 for Portsmouth which is encouraging.

3.11 One of the reasons for this reduction has been the improved practices and integrated working across the city by the YOT in recent months, with agencies to ensure that the highest risk young people are effectively targeted. Over the last 12 rolling months there had been fewer custodial sentences. During December 2014 and January 2015 there had been no young persons remanded in custody. In February and March there was one young person remanded in custody. This young person was charged with historical offences whilst serving a custodial sentence. This sentence finished and the case had not been heard so the courts had little option on this occasion.

4 To consider progress against the Improvement Plan

4.1 The Panel received evidence from the PYOT Manager, PYOT Board Chair and Partnerships and Commissioning Manager for Children. They advised that Her Majesty's Inspectorate of Probation (HMIP) found there were a number of areas to improve and published their results under five key headings with a star rating out of four, with four being the highest. The inspectors identified that there were some positive developments in Portsmouth and signs of encouragement in the developing PYOT management and staff groups. Work with children and young people assessed as posing the highest Risk of Serious Harm to others or assessed as being very vulnerable, was given priority and was generally

undertaken well enough. Case managers engaged with children and young people well. Overall, the inspection report noted that *"work to reduce the likelihood of reoffending and work to manage the risk of harm to others were worryingly poor and suffered particularly from longstanding staffing difficulties."*

- 4.2 The Improvement Plan (*appendix 3*) is split into two sections. Part A which focuses on improvements at Board Level, and Part B which focuses on improvements at Team Level. The improvement plan is reviewed every month to monitor progress. In October, progress against the plan was reviewed and refreshed and in addition an Operational Plan was developed for the PYOT practitioners so that they could have a greater element of ownership of the actions within the Improvement Plan and its impact upon themselves and the service users worked with.
- 4.3 A peer review was completed in the interim by an experienced external peer review team which provided external scrutiny and challenge. This had been positive and none of the challenges from this review came as a surprise to the team.

Part A of the Improvement Plan

- 4.4 The Partnerships and Commissioning Manager for Children advised that part A of the improvement plan has been addressed and said he was confident that the team had met all the objectives. This would be signed off at the next PYOT Board and governance of the PYOT was now strong.
- 4.5 Work has taken place between the Board and the management team and two development days had taken place to bring the two closer together. There had been a lot of cultural change in the team about how to work differently and with partners and there was now a much improved feeling and improved morale within the team. This was highlighted during March with the implementation of the new casework system. There had been a few teething issues but the staff had remained positive. The Panel felt that it was important that someone outside of the team praised the YOT team for their hard work and positive attitudes so that they know they are valued and this would give them an incentive to continue the good work.

Part B of the Improvement Plan

- 4.6 Part B of the Improvement Plan focuses on frontline practice and was more complex. The actions are listed under five objectives. Huge progress had been made with Part B and the majority of amber actions in the plan had seen some progress. There were no red actions and the amber actions remaining were mainly technical actions.
- 4.7 Following the PYOT Board in April several more actions had been endorsed as green. As of 23 April 2015, the outstanding actions are as follows:

Objective 5 - By October 2014 every young person open to the YOT will have a timely, holistic assessment and multi-agency plan (including pre-sentence reports) of sufficient quality

- *3. Increase levels of compliance with Assessment, Planning, Intervention and Review (APIS) good practice guidance and National Standards.*
Evidence of improved performance evident from internal audits.
Audits undertaken by the YJB in March raised concerns about timeliness. Auditing of plans now taking place. Benchmark session with YJB planned for May 2015. Anticipated this can turn green from May 2015 therefore.
- *11. Implement relevant initial health screening tool and referral process.*
A suite of Health screening processes (in Asset plus tool, LAC Health Action plans etc.) in place. Health audit indicates screening is being undertaken appropriately by YOT. Health Board Champion to develop Pathway processes. Anticipated for sign off May 2015.
- *14. Hold a focused QA Audit on education dimension of assessments and plans (first of annual schedule).* Audit due for completion at end of April 2015 at which stage this can turn green.

4.8 Objective 6 - By January 2015 every young person open to the YOT will be in receipt of high quality, evidence based interventions delivered by the YOT staff team, co-located specialists and partner agencies

- *3. Implement actions and outcomes of the three days of staff development to evidence improvements in practice by the team in response to a) the above audit b) reoffending profile (from tracker) c) ASSET scoring d) gaps in interventions, e) assessment of quality.* Actions implemented- Dip sample evidenced a concern regarding timeliness therefore will repeat in April and May 2015. Intention to sign off at this stage.
- *5. Ensure PYOT staff understand the full range of health interventions offered through the integrated CAMHS and substance misuse services.* SLAs currently being developed and this is being led by the Board Health representative. The PYOT Manager has also suggested the need for follow up sessions to assist in embedding training. Anticipated to become green in May 2015 once SLA in place and follow up training arranged.
- *10. Implement changes to health support following the findings of the HNA.* YOT Service Development Manager presented paper at February Board. Recommendations need to be implemented and anticipated to be in place May 2015.

4.9 Objective 8 – By October 2014, all staff will be clear on effective practice and effectively and robustly performance managed

- *6. Develop robust link between supervision, audit, PDRs and training.*
Evidence that links are in place and improved quality in October backs this assertion up. YJB have agreed to review in April/May 2015 when

Training Plans and PDR targets are set.

4.10 Objective 9 – By, October 2014 all staff will have the right training, supervision and oversight in place to deliver high quality practice

- 5. *Ensure Practice Leads have the knowledge and skills to countersign assessments and plans.* In place. YJB raised concerns about consistency of countersigning and not willing to sign off as green at this stage. Benchmarking event taking place in May 2015 at which stage sign off is anticipated.

4.11 Objective 10 - By, December 2014 all victims of youth crime will receive high quality support and appropriate involvement in interventions with a focus on victim safety

- 7. *Ensure timely delivery of reparation (indirect and direct) and restorative processes through revised practice and prioritisation within staff team.* Action plan in place to ensure delivery by end March. Evidence that the reduced waiting time is being maintained will enable this action to go green. Service Development Manager liaising with YJB to provide evidence. Anticipated sign off date May 2015.

Portsmouth Youth Offending Team Manager

4.12 Mr Gardner explained that a health needs assessment had been completed and progress had been made although further work was still required. Mr Gardner said there was now regular attendance at YOT Board meetings by the CCG as the accountable health representative to the PYOT.

4.13 Members of the PYOT team had received a great deal of training which now needed to be embedded. There was a training plan in place for next year. Making every contact counts training scheduled for January and he needed to reflect with health colleagues how the team use this. Assessment, planning, intervention and supervision training (APIS) had also taken place which is reflected upon monthly with audits. This was a continual process and reflective discussions were starting to take place. There was now a need to ensure that all the training received by the PYOT team is fully embedded and this continues to be an area of focus for the PYOT board. More work in terms of identifying specialist health needs and know what needs to be completed.

4.14 The Workforce development strategy was drawn up with input from the YJB regular audit by managers and the YJB dip sample. There is congruence with the YJB assessments and there is now a need to look further to see how well plans are integrated with the YOT improvement plan.

4.15 The new AssetPlus assessment tool will provide a holistic assessment and intervention plan. This allows one record to follow a child or young person throughout their time in the youth justice system. In Portsmouth this will go live in summer 2016. PYOT has chosen to adopt this approach before

going live and all young people are screened.

5 To consider the effectiveness of management and governance arrangements through the PYOT Management Board

- 5.1 The Commissioning & Partnerships Manager for Children informed the Panel that the PYOT sits within the Children's Social Care & Safeguarding Directorate. It is a multi-disciplinary organisation that works both within Children's Service and the Criminal Justice System. The PYOT is managed by the PYOT service manager. There are two teams of youth justice officers, one of which includes an education officer who are each led by a Practice Manager. There is also an admin team managed by the PCC admin manager which includes police admin posts and a team of secondees who are not managed by PYOT directly though one to one supervision does take place. This team includes a police officer, the CAMHS mental health nurse and the substance misuse worker. There is also a quality assurance post.
- 5.2 The YOT has one over-arching aim which is to prevent offending behaviour by children and young people (10 – 17 years of age). Every local authority has to bring together practitioners from key agencies to help prevent offending and work with young people. The YOT's work falls into three areas:
- Preventing crime and anti-social behaviour
 - Community supervision of offenders
 - Re-settlement of young people from custody
- 5.3 The membership of the PYOT Board includes representatives from Hampshire Constabulary, Portsmouth City Council, the National Probation Service, courts and health. There is also a representative from the YJB. The YJB was created by the Crime and Disorder Act 1998 to oversee the youth justice system for England and Wales to prevent offending, reduce re-offending, protect the public, support victims of crime, and to promote the safety and welfare of children and young people in the Criminal Justice System.
- 5.4 The Panel received evidence from the PYOT Board Chair, Chief Superintendent Stuart Murray. He advised that the PYOT Board provides oversight, support and challenge to the Youth Justice Services in Portsmouth. Its role is to give strategic direction, hold the YOT partnership to account, championing the work of the YOT and is a decision making authority in relation to YOT partnership issues. New members are supported by setting up initial meetings with the chair and PYOT Board members to work through the Handbook, clarify notes, responsibilities and skill set, and have visits to the PYOT to see work in progress.
- 5.5 Chief Superintendent Murray had taken on the role of District Commander and YOT Board Chair in July 2013 and had now been appointed Detective Superintendent for Hampshire Police so would be stepping down from chairing the YOT Board this year. Chief Superintendent Will Schofield, who is currently chairing the Isle of Wight YOT Board, would be taking over the role of PYOT Board chair from April 2015. Chief Superintendent Schofield has been attending meetings for the last few months to ensure a smooth

transition. The Panel felt that Chief Superintendent Murray had done an excellent job in improving the governance of the YOT Board and were confident that arrangements were in place to ensure a smooth transition to the new YOT Board Chair. Due to Julian Wooster's recent departure, Stephen Kitchman had taken over the role of Vice Chair of the Board for the next six months.

- 5.6 Chief Superintendent Murray felt that when he had taken over as chair the governance was not direct enough. This had now improved significantly and monthly PYOT management meetings are held to develop and deliver a shared understanding of good and effective modern youth justice practice. PYOT Board Minutes are shared with YJB to evidence progress.
- 5.7 The YOT Board have held two development days to ensure the Board is effective in its governance role. The YOT has a full complement of staff for the first time in three years and if a member of staff leaves or is off sick there is currently the capacity to back fill. It has been difficult to recruit people with the right skills.
- 5.8 The induction process was reviewed and revised last summer and was considered to be working well. A 'buddy' system is in place for new members of staff. Jon Gardner monitors and tracks supervision. Sessions with CAMHS to provide support clinical support sessions starting end of April. There are currently no long term sickness issues. In June and July there were 8.8% day's sickness but this reduced to 1% for October and November. The Panel felt that the PYOT now had an excellent staff and the right systems were in place.

6 To assess how well the partnership is integrating interventions with young people

- 6.1 The Panel received evidence from Julia Katherine, Inclusion Commissioning Manager and Anne Fleming, Locality Manager, Solent NHS Trust about how the partnership is integrating interventions with young people.

6.2 Julia Katherine, Inclusion Commissioning Manager

Julia explained that she had represented education on the PYOT Board since January 2014 with the aim to address the issues raised in the Ofsted inspection report. The education link worker role had been revised and following three previous attempts to recruit, the position has now been filled. The education worker provides the link between the PYOT, schools and colleges and also retains strong links with existing teams within education including the special educational needs and disabilities team and the school attendance team. New statutory duties relating to young offenders with special educational needs come into force on 1 April 15. PCC are well prepared for this, having worked with the Department for Education to pilot these changes prior to implementation.

- 6.3 Initially the Education PYOT Link Worker was asked to focus on getting post-16 young offenders into education, employment or training (as this

was raised as an area of concern in the inspection report). There is now good evidence that increasing numbers of young people are now accessing education, employment or training. There is also a better understanding of the data on young people who are not accessing education, employment or training, for example understanding the differences between those young people who do not have an offer of education, employment or training and those who have an offer, but are choosing not to access this. A review of all of the cases of school-age children who are not accessing full-time education has been able to confirm that plans are in place to increase the attendance of these children and that where they are on part-time timetables, these are regularly reviewed. The next step is to ensure that this information is fully integrated within YOT reports. This will be addressed through the audit that is currently taking place and which will be reported back to the March YOT Board meeting. The education audit would be completed by the end of April.

- 6.4 75-85% of the cohort has special educational needs. The new legislation gives PCC responsibility for making sure the cohort receive the correct education whilst in custody. Audits take place into individual plans and the health audit has been completed and the results are still to be distributed to the Board. Following the Children's Social Care safeguarding audit the team will be in a much stronger position identify any deficits. The demographics of the YOT cohort have changed. The reoffending tracker identified an emerging a pattern of concern with 10-14 year olds and this information was used to focus resources.

Anne Fleming, Locality Manager, Solent NHS Trust

- 6.5 The Locality Manager, Solent NHS Trust explained that the PYOT provides an assessment and intervention service for children and young people (10-17 years) who have committed a criminal offence. The team has a specialist Child and Adolescent Mental Health Service (CAMHS) nurse attached, who provides mental health consultation, training and direct work. The team also assist with speech and language therapy and there is training for PYOT officers to understand and identify speech and language problems by the Solent Speech and Language Therapy Service. Discussions are taking place with the CCG about enhancing the offer further. The CAMHS team are also working with the PYOT to identify any specific training which is not in place. A training session on loss and bereavement is being considered and details had been provided to the PYOT manager.
- 6.6 There is no physical healthcare nurse within the team to ensure that the young people are looking after their health which is often not their main priority. Physical health is one of the most overlooked factors and things such as poor diet and poorly controlled medical conditions could lead to serious health issues in the future. Undiagnosed brain injuries can also be a factor linked to criminal behaviour. The PYOT are linked with Headway, the brain injury association, who offer sessions to staff on implications of an acquired brain injury. The team are also looking to have a training

session in A&E to get first-hand experience of the brain injuries.

- 6.7 Obtaining GP details from young people can be a challenge which delayed the health audit. The substance misuse worker is in the process of being TUPE'd over to Public Health and they will continue to be dedicated to with the PYOT and the Looked After Children team. There has been a significant reduction in the number of Looked After Children in the YOT cohort from 23% down to 8%.
- 6.8 The Troubled Families Team is one of the closest partners to the PYOT. Phase 2 of the troubled families agenda broadens eligibility criteria which will assist in early help step down as well as joint work with families meeting specialist services eligibility. The phase 2 troubled families' is helpful and is due to come into force in June.

7 **To consider how effectively service users including victims are engaging with the YOT**

- 7.1 With regard to the demographics of young offenders, The PYOT Manager advised they are predominately white and 70% are male, 30% are female. 14 is the most common age to reoffend. Of the priority young persons (PYP's), the majority are at the Harbour School. Young People meeting with SEN are significant at 80%. The rationale of repeat offenders is very different. For females the trigger is often vulnerability often related to home stressors and events whereas for males it is often a result of peer pressure.
- 7.2 The Panel received some written evidence from the PYOT Manager. The PYOT is committed to ensuring that young people, their parents/carers and their victims are effectively worked with. In order for this to happen, service users need to be fully engaged from the point of assessment and with planning and throughout intervention.

Young People

- 7.3 The PYOT has a comprehensive document in place identifying how it can facilitate young people's compliance with their intervention plan. This document should be read by all new starters as part of their induction process and used as an aide memoir thereafter. The processes themselves were launched at team workshop in September 2014.
- 7.4 In addition to this document, the following actions should be undertaken by staff with all young people the team work with:
 - **Completion of a Learning Styles Assessment and SLCN Screening Tool:** These actions are crucial in identifying how best to work with a young person. 60% of young people in the Youth Justice System have a Speech, Language or Communication need which may present barriers to engagement and intervention with the young person. The screening tool is used to identify these potential barriers to engagement and highlight issues which may require consideration of referral to other services. The Learning Styles assessment should be used in conjunction with this tool to identify a

young person's learning style and how best to tailor an intervention plan that addresses the young person's needs. These tools are just the starting point and the intervention plans should detail how the intervention will be tailored to meet the young person's individual needs.

- **What Do You Think Form (or Equivalent):** The Asset What Do You Think Tool is an effective way of gauging the thoughts and opinions of a young person when completing an Asset assessment. Its primary aims are to ensure that the young person's views and perception of their circumstances are obtained and taken into account, that it highlights any issues that the PYOT were unaware of and that it facilitates a comparison between the PYOT Youth Justice Practitioner's Assessment and that of the young person. As noted above, many young people have differing learning styles and/or needs which may make completion of this document problematic. In these instances one of the PYOT's alternative documents (ie All About You, Life Pie etc) can be used.
- **Young Person's Charter:** This document should be proactively shared and meaningfully discussed with young people in the early stages of their order. It sets out a list of expectations for young people which the PYOT will honour when working with them. There is an expectation that changes will be made to the charter should appropriate suggestions be made by young people.
- **Supervision Plan:** Intervention plans need to be SMART and outcome focussed. However, this on its own is not enough to ensure future engagement. The plan has to be created with the young person (and also, if appropriate, parents/carers, partner agencies, victim wishes etc) and needs to be a document owned by the young person. There is an expectation that evidence of this joint approach to developing the plan (ie signature on plan, case diary entry etc) is explicitly detailed within a young person's file. The plan may take different forms- depending on the learning needs of the young person. However, it must still be recorded on the YOT case management system in a way that does not conflict with local arrangements and agreed practice.
- **Suggestion Box:** Three suggestion boxes have been placed in the PYOT designated room at the Go For It Centre. The boxes are themed on Things we do well, Things we don't do well and Things we can do differently.
- **Food and Toys:** The PYOT is aware of the impact of factors such as hunger and health issues such as ADHD upon young people. To remedy this, a limited supply of food and drink is available to assist with increasing blood sugar levels and addressing the impact of hunger. Small toys are also placed in the room to provide a "distraction" and assist those who have disorders such as ADHD or just simply like to fiddle with something when engaging in a potentially emotional or intense intervention.
- **Meet the Manager:** Every quarter, during half term, young people are invited to meet the PYOT Manager and are asked to provide feedback on what is being done well, not well or could be done differently.

- **Observations:** The PYOT has a quality assurance process which involves the observation of practice by Practice Leads. Part of this process is a discussion with the young person after the intervention has taken place asking for their views on the intervention they are undertaking with PYOT.
- **Viewpoint questionnaire:** At the end of supervision, the PYOT is fully committed to getting young people's views using the Viewpoint Questionnaire. Upon commencement of this strategy it was quickly discovered that the completion of the form electronically was a barrier. In these circumstances the PYOT decided to undertake completion via paper forms only. The results from these feedback forms are aggregated into a spreadsheet twice a year and plans are put into place to tackle the feedback highlighted by young people wherever feasible.
- **Acting on Feedback:** The PYOT management team have timetabled quarterly meetings to discuss user feedback and devise plans to tackle issues raised. If a comment is made at any stage which requires instant resolution, action would of course be taken.
- **Home Visits:** Home visiting by the supervising officer is an important and vital requirement that enables engagement from the young person and their family and facilitates a more holistic assessment of risk and need.

Victims

- 7.5 Victim Satisfaction Forms are sent out to all victims at the end of intervention. The strategy to address the feedback within these forms is due for a refresh and this was one of the tasks of the incoming Restorative Justice Worker. The forms have now been reviewed and the strategy document will shortly be updated.

Parents

- 7.6 All of the strategies noted above should be replicated, where appropriate, with parents and carers. The development of a specific parent satisfaction form took place at the beginning of 2015 and this will be reviewed during April 2015. Practitioners should remember that interventions involving parents are designed to provide additional support to them. The aim is to:
- improve their relationships with their children
 - reduce negative factors
 - strengthen protective factors such as positive and consistent discipline and constructive supervision

Good parenting interventions also help to build self-confidence and awareness of how important effective parenting is, not only to prevent young people from becoming involved in the youth justice system, but to go on to lead productive and successful lives. Locally, robust links to the PCC Parenting Service and the Positive Family Steps Services (Barnados FIP and Multi Systemic Therapy) are in place to provide staff with a link to services assisting in providing a whole family approach. Use of the locally

targeted Barnados FIP Mentor is also crucial in assisting practice and developing YOT staff understanding of engaging parents

Training

- 7.7 The PYOT is committed to ensuring practitioners have the necessary skills to undertake all of the above strategies and processes. In these circumstances, Practice Leads will identify training needs in supervision and these needs will form part of the PDR process and will contribute to future Workforce Development Plans.

Results of the 2014/15 Viewpoint questionnaire

- 7.8 Results from the 2014/15 Viewpoint questionnaire are very positive. 49 responses were received to the questionnaire. Key headlines included:
- 100% of respondents felt that the PYOT staff fully explained what was going to happen when they first came to the PYOT.
 - 100% of respondents said that they had enough say in what went into their referral order contract, with 90% fully understanding what the contract requires them to do to stop offending.
 - 81% of respondents had agreed to a supervision or sentence plan and 95% of these felt that they had enough say into what went into their plan.
 - 95% understood what their supervision or sentence plan requires them to do to stop offending.
 - 98% were asked by PYOT staff why they had offended and were asked to explain what they thought would help them stop reoffending.
 - 83% said that the PYOT always took their views seriously
 - 70% said there was nothing that made it harder to take part in sessions with the PYOT. Of those who thought there were things that made it harder to take part the main reasons were difficulty getting to the sessions or another reason which was not specified.
 - 100% felt that their PYOT worker did enough to help them take part in PYOT work.
 - 84% said that there was nothing that made them feel unsafe or afraid whilst in contact with the PYOT, and all respondents said that the PYOT had helped them feel safer.
 - 88% needed help with school, training or with finding a job and received this.
 - 71% reported that things had improved at school, college or in getting a job since working with the PYOT.
 - 87% said their work with the PYOT made them less likely to offend.
 - 89% said they had been treated fairly by the people in the PYOT team.
 - 67% of respondents felt the service given to them by the PYOT was very good and 26% felt that it was good.

8 Equalities Impact Assessment.

An equality impact assessment is not required as an EIA was completed on the YOT earlier this year and the recommendations do not have a

negative impact on any of the protected characteristics as described in the Equality Act 2010.

9 Legal Comments.

There are no specific legal comments save that the report seeks to promote the statutory obligations especially within the context of education provision, in addition the provision of services is clearly delivered on a fair and consistent basis, thereby minimalizing possible challenge from specific groups who may have a protected characteristic .

10 Finance Comments.

Any financial implications arising from the recommendations and proposals contained within this report, are intended to be funded from within the existing financial resources of the Youth Offending Team budget.

11 BUDGETARY AND POLICY IMPLICATIONS.

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

Recommendation	Action by	Policy Framework	Resource Implications
1. To ensure that continuing support is provided to the team for embedding change and adequate time is given to reflect upon their recent training (conclusion 1).	PYOT Board Chair Director of Children's Social Care PYOT Manager	Youth Justice Strategic Plan & associated local delivery plan.	Continued review by PYOT Board & development of ongoing plan to deliver YJ Strategic Plan.
2. That the YOT team are given recognition for their hard work and commitment and that the YOT Manager makes enquiries about what mechanisms are in place to reward the team. (conclusion 1)	PYOT Board Chair Director of Children's Social Care PYOT Manager	Workforce development strategy	Review of workforce development strategy Board development days with team to continue & ongoing feedback from team in development of this.
3. That the multi-agency triage panel due for implementation in April continues to progress to reduce the number of first time entrants to ensure that only those who need to progress through the Youth Justice System do so. (conclusion 2)	PYOT Board Chair Director of Children's Social Care PYOT Manager Director of Regulatory Services, Community Safety & Troubled Families	Procedures linked to Joint Action Team development. Outputs are closely aligned with development of multi-agency teams and troubled families phase 2. Reporting & evaluation	Ongoing resource commitment to facilitate panel; analyst capacity to review & evaluate progress. Evaluation of demand on early help providers & Troubled Families providers.

Recommendation	Action by	Policy Framework	Resource Implications
		framework aligned to Youth Justice Strategic Plan	
4. That progress continues with the Integration of the YOT with education. (conclusion 4)	Inclusion Commissioning Manager PYOT Manager	Reporting and evaluation framework aligned to Youth Justice Strategic Plan	Evaluation and review of Education Link Worker role profile. Discussions already held w/c 27/4/15
5. To ensure that audits on health and education are completed and fully assessed. (conclusion 4)	Inclusion Commissioning Manager Deputy Head of Integrated Commissioning	Audit Plans in place aligned to Youth Justice Strategic Plan and associated local delivery plan	Co-ordinated resource from within PYOT & statutory partners to completed audit to requirements & ensure alignment with local delivery plans.
6. To ensure that the Restorative Justice Worker is given the full support needed to address the feedback from the Victim Satisfaction Forms and complete the strategy document. (conclusion 5)	PYOT Manager	Youth Justice Strategic Plan Community Safety Restorative Justice Strategy Hampshire LSCB Victims Protocol	Co-ordinated response to addressing requirements of Restorative Justice by PYOT, Police and all involved in Community Safety Partnership

Meeting Date	Witnesses	Documents Received.
2 February 2015	<p>Hayden Ginns, Partnerships and Commissioning Manager for Children</p> <p>Jon Gardner, YOT Manager</p>	<p>YOT overview paper</p> <p>Portsmouth Youth Offending Team Post-Inspection Improvement Plan</p>
24 February 2015	<p>Hayden Ginns, Partnerships and Commissioning Manager for Children</p> <p>Jon Gardner, YOT Manager</p> <p>Superintendent Stuart Murray, YOT Board Chair</p> <p>Will Schofield, YOT Board Member</p> <p>Stephen Kitchman, Head of Children's Social Care & Safeguarding</p>	<p>Scoping document.</p> <p>Analysis of Portsmouth YOT Performance against the 3 National Key Performance Indicators paper</p> <p>Presentation slides from Stuart Murray</p> <p>YOT Improvement Plan Parts A & B</p>
16 March 2015	<p>Anne Fleming, Locality Manager, Solent NHS Trust</p> <p>Julia Katherine, Inclusion Commissioning Manager</p> <p>Hayden Ginns, Partnerships and Commissioning Manager for Children</p> <p>Jon Gardner, YOT Manager</p> <p>Stephen Kitchman, Head of Children's Social Care & Safeguarding</p>	<p>Written evidence - results of Viewpoint Questionnaire</p> <p>PYOT Board draft induction pack</p> <p>PYOT processes for ensuring service user engagement</p> <p>Updated Part A and Part B of the Improvement Plan</p>
16 June 2015	<p>Sign off meeting</p>	

GLOSSARY

CAMHS	Child and Adolescent Mental Health Service
HMIP	Her Majesty's Inspectorate of Probation
PYOT	Portsmouth Youth Offending Team
YJB	Youth Justice Board

YOT Board Monitoring of Portsmouth Post-Inspection Improvement Plan

March 2015 Monitoring Part A Only

Post-Inspection Improvement Plan 2014	
<p style="text-align: center;">Part A. YOT Board Improvement Plan</p> <p>Four Objectives:</p> <ol style="list-style-type: none"> 1. By April 2014, to have in place an effective YOT Board with full, consistent and appropriate membership to lead the improvement programme 2. By June 2014 to have in place a full complement of suitably qualified and experienced case managers including specialist roles 3. By June 2014, to ensure the YOT Board accesses and uses accurate and timely data on performance through a new Performance Management Framework 4. By October 2014, to have in place the right resources used to support the work of the YOT including improved and appropriate locations to work with young people 	<p style="text-align: center;">Part B. YOT Team Improvement Plan</p> <p>Six Objectives:</p> <ol style="list-style-type: none"> 5. By October 2014, every young person open to the YOT will have a timely, holistic assessment and multi-agency plan (including pre-sentence reports) of sufficient quality 6. By January 2015, every young person open to the YOT will be in receipt of high quality, evidence-based interventions delivered by the YOT staff team, co-located specialists and partner agencies 7. By October 2014, every young person and their parents/carers will be fully engaged in the relevant aspects of the sentence. Processes and delivery will be shaped to maximise user-engagement. 8. By October 2014, all staff will be clear on effective practice and effectively and robustly performance managed 9. By October 2014, all staff will have the right training, supervision and oversight in place to deliver high quality practice 10. By December 2014, all victims of youth crime will receive high quality support and appropriate involvement in interventions with a focus on victim safety

A. YOT Board Improvement Plan

This section of the Improvement Plan is focussed on the improvements required in governance and partnerships.

The relevant Full Joint Inspection Report recommendations for this part of the Improvement Plan are;

- | | |
|--------------------------|--|
| Recommendation 1 | - The Management Board provides effective leadership. It holds the YOT and its partners to account to ensure high quality practice and achieve successful outcomes (Chair and members of the YOT Management Board). |
| Recommendation 2 | - All partners contribute actively to effective leadership, including through regular attendance at, and contribution to, the work of the YOT Management Board (All YOT Partners). |
| Recommendation 3 | - As a matter of urgency, the YOT has a full complement of competent case managers and other specialist staff in place. This includes a suitably skilled education officer to maintain the effectiveness of this work and to develop the range of training opportunities and links with employers (Chair of the YOT Management Board). |
| Recommendation 4 | - Data on appropriate local outcome measures, including health; education, training and employment; diversity; and safeguarding are received, scrutinised by the YOT Management Board and used to improve services (Chair of the YOT Management Board). |
| Recommendation 10 | - Facilities used to undertake work with children and young people are private and appropriate to their needs (Chair of the YOT Management Board). |

Key to RAG ratings	
GREEN	Action completed
AMBER	Action ongoing / Action planned, not yet complete
RED	No action taken / action delayed / behind schedule
BLUE	Not due yet

Objective 1 – By April 2014, to have in place an effective YOT Board with full, consistent and appropriate membership to lead the improvement programme					
Linked HMIP Recommendations: 1,2					
Linked Performance Indicators: All					
No.	Action	By Whom	By When	RAG / Comment on current position	What success will look like
1	Secure long-term chairing arrangements	Chief Executive of the Council	Achieved	GREEN Long-term chair of YOT board now agreed.	Consistent chair to lead the Board through this improvement programme.
2	Secure representation and attendance from Public Health and Health Commissioners	Director of Public Health	Achieved	GREEN Senior Representatives on Management Board and attending	Rapid response to improving health services for young people
3	Develop clear relationship between Health Commissioner and health providers working with young offenders	Director of Public Health	Achieved	GREEN Health commissioner (ICU) in clear relationship with providers	Commissioned health services meet the needs of young people
4	Secure representation and attendance from Education service	DCS	Achieved	GREEN Senior Representatives on Management Board and attending	Rapid response to improving education services for young people
5	Monitor Board attendance rigorously and respond to absence	YOT Board Chair	Achieved	GREEN Attendance to date has been good with exception of June meeting when Ofsted Safeguarding Inspection was underway	Full attendance and engagement of all relevant partners

6	Establish a system whereby Board Members assume roles of 'champions' for specific areas of improvement. To include safeguarding and risk management	YOT Board Chair	Achieved	GREEN 'Champion' role in place	Board members expertise enables improvement in YOT practice and removes barriers to improvement
7	Hold a Peer Challenge of the YOT	YOT Board Chair	Achieved	GREEN Peer review 15 th - 17 th October	Clear understanding of progress since HMIP inspection
8	Hold Two YOT Board Development Days	YOT Board Chair	Achieved	GREEN 22 nd May 30 th October	Ensure Board is effective in its governance role
9	Develop an induction pack for new Board Members	YOT Board Chair	Oct 2014	AMBER Now due from YJB in March 2015	Members of the YOT Board understand their role and actively participate
10	Hold two 'Meet the Board' events for the YOT staff	YOT Board Chair	Achieved	GREEN Integrated into YOT Board Development Days (8 above)	YOT staff understand the role of the YOT Board

Objective 2 – By June 2014, to have in place a full complement of suitably qualified and experienced case managers including specialist roles					
Linked HMIP Recommendations: 3					
Linked Performance Indicators: All					
No.	Action	By Whom	By When	RAG / Comment on current position	What success will look like
1	Put in place temporary arrangement to cover Education role	YOT Board Education Rep	Achieved	GREEN Temporary post put in place	Education function is covered immediately
2	Explore links to Virtual School for LAC to share education data and support systems for young offenders. Confirm to Board implementation activity	DCS	Achieved	GREEN. Relevant links to Virtual School established.	Young people have suitable ETE provision and their earning needs are met
3	Complete PYOT Manager PDR and identify training and support needs	YOT Board Chair	Achieved	GREEN This has been completed	YOT Manager is fully equipped to perform the role
4	Co-locate CAMHS and substance misuse workers with the YOT Team	YOT Board Health Commissioning Rep	May 2014	AMBER Proposal to Feb 2015 Board. Agreement for Protocol to be confirmed at March 2015 Board.	Health interventions are integrated with YOT staff interventions
5	Recruit and induct Education Worker role	YOT Board Education Rep	Achieved	GREEN Post in place	Education function is covered permanently
6	Review Police role in line with improvement plan and national guidance and implement necessary changes	YOT Board Police Rep	May 2015	GREEN Hampshire wide role review on schedule	YOT Police role is aligned with national and local priorities
7	Ensure that all staff members in the team are <u>capable</u> of delivering to minimum quality standards – linked to Objective 9	Head of Service	Achieved	GREEN Performance Report is indicating improved quality. Necessary competency responses in place	All staff members in the team are able to deliver quality work

Objective 3 – By June 2014, to ensure the YOT Board accesses and uses accurate and timely data on performance through a new Performance Management Framework					
Linked HMIP Recommendations: 4					
Linked Performance Indicators: All					
No.	Action	By Whom	By When	RAG / Comment on current position	What success will look like
1	Develop and implement new Performance Management Framework including measures around <i>inputs, outputs and outcomes</i> and findings of quality auditing	YOT Board Chair & Strategy Unit	Achieved	GREEN New framework in place and reporting every two month to Board	The Board has an accurate understanding of capacity, practice quality and impact and takes appropriate action to drive improvement
2	Implement Performance Management timetable including monthly rota of partner agency reporting on outcomes, contribution and resources	YOT Board Chair (Strategy Unit)	Achieved	GREEN Performance Reporting timetable in place.	
3	Set appropriate and achievable targets for all indicators, agreed with the Safer Portsmouth Partnership	YOT Board Chair (Strategy Unit)	Achieved	GREEN Target setting methodology agreed at September Board	
4	Implement changes to practice following the findings of the YJB "cross Wessex" re-offending project	PYOT Manager (YJB Performance Adviser)	Achieved	GREEN	Reduction in re-offending rates
5	Implement practice improvements and joint working around with Looked After Children following local protocol emanating from SE7 Reducing LAC Re-offending regional policy	Head of Service	Mar 2015	GREEN Group set up - led by Kate Freeman. Work on protocol started. New strategy in development.	Diversion of LAC from the Criminal Justice System and reduction of re-offending of this cohort
6	Review the Youth Justice Strategic Plan 2012 - 2015 and submit to YJB	YOT Board Community Safety Rep	Achieved	GREEN Agreed by SPP and YJB.	The new Plan is based on rigorous understanding of local performance, submitted on time and signed off by the YJB

Objective 4 – By October 2014, to have in place the right resources used to support the work of the YOT including improved and appropriate locations to work with young people					
Linked HMIP Recommendations: 10					
Linked Performance Indicators: A1, A3 - A14					
No.	Action	By Whom	By When	RAG / Comment on current position	What success will look like
1	Review facilities for face to face contact with young people - to include reparation facilities, workshops, group work etc.	YOT Manager	Achieved	GREEN Review complete	Understanding of needs of young people
2	Identify and secure appropriate private facilities for work with young people	YOT Manager	Achieved	GREEN Now using the Go For It Centre.	Young people seen in appropriate accessible premises with due regard to health, safety and privacy
3	Interim solution for gathering information prior to court appearance and sharing with YOT court staff and YJB Placements Team.	YOT Manager	Achieved	GREEN Solution in place	Well informed YOT staff able to give appropriate advice
4	Resolve IT access for staff working in the courts	YOT Board Court Rep (YOT Manager)	Achieved	GREEN Fareham, court issue resolved.	Improved joint working with the courts
5	Secure effective information sharing (through changes to IT systems if necessary) within co-located team	YOT Manager	Achieved	GREEN Information sharing issues with Social Care and Health resolved.	All information sent securely and via Connectivity

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B. YOT Team Improvement Plan

This section of the Improvement Plan is focussed on the improvements required in YOT Team practice.

The relevant Full Joint Inspection Report recommendations for this part of the Improvement Plan are;

- Recommendation 5** - Work to reduce the likelihood of reoffending, protect the public and protect the child or young person is consistently good. It is based on high quality assessment and planning, includes delivery of appropriate interventions and achieves positive outcomes (YOT Manager).
- Recommendation 6** - Children and young people, and their parents/carers are fully and appropriately involved in all relevant aspects of the sentence in order to maximise the likelihood of their effective engagement and, thereby, increasing the likelihood of positive outcomes (YOT Manager).
- Recommendation 7** - Case managers have a good understanding of effective practice and YOT expectations upon them, and are subject to effective performance management (YOT Manager).
- Recommendation 8** - All staff have up to date training in local child protection and safeguarding procedures (YOT Manager).
- Recommendation 9** - Effective and appropriate training, supervision and oversight are provided to staff to support them to develop their skills and deliver consistent, high quality practice (YOT Manager).
- Recommendation 11** - Priority is given to the needs of victims when undertaking risk of harm work (YOT Manager).
- Recommendation 12** - Work between health partners and the YOT is well integrated. This should include active involvement in assessment and planning; shared plans; improved formal communication and information sharing; and linked reviews, where appropriate (YOT Manager).

Objective 5 – By, October 2014 every young person open to the YOT will have a timely, holistic assessment and multi-agency plan (including pre-sentence reports) of sufficient quality					
Linked HMIP Recommendations: 5 & 12					
Linked Performance Indicators: A4, A5, A10-15, B1-21					
No	Action	By Whom	By When	RAG / Comment on current position	What success will look like
1	Implement YOT Operational Plan	YOT Team	Achieved	In place	Increased ownership of Improvement Plan by YOT staff
2	Implement new Case Management System to assist in driving up quality of APIS	CSCS Project Manager	Achieved	Rolled out 9.3.15	Successful use of new system and increase in quality of assessment and planning
3	Increase levels of compliance with <i>Assessment, Planning, Intervention and Review</i> (APIS) good practice guidance and National Standards.	YOT Manager	Dec 2014	AMBER- evidence of improved performance evident from internal audits. Audits undertaken by YJB in March raised concerns about timeliness. Auditing of plans now taking place. Benchmark session with YJB planned for May 2015. Anticipated this can turn green from May 2015 therefore.	All assessment will be complaint with National Standards
4	Put in place process to prepare for Asset+ including identifying staff training needs	YOT Manager	Dec 2015	GREEN This timescale is based on implementation date of July 2016 for Asset +. The YOT is as far advanced with preparation as possible. Kieran Gildea will present a paper at a Board in June 2015 to update on progress	Staff team is prepared to implement Asset+
5	a) Maintain a monthly audit timetable: (i) All new cases-at least 8 files each month and (ii) Regular thematic. b) To focus on quality and consistency across 'assessment-plan-intervention' including Risk Management Plans	YOT Manager	Achieved	In place	All assessments and plans robustly identify and respond to the holistic needs of young people

	(RMPs) and Vulnerability Management Plans (VMPs). c) Peer audit models and feedback to staff on quality to be utilised.				
6	Ensure, with robust gatekeeping, all Pre-Sentence Reports (PSRs) going to court are of sufficient quality (including counter-signing processes)	YOT Manager	Achieved	In place- needs review at point of each new PSR. Feedback ref length of report from YJB has been fed back to Practice Leads to action	Sufficient quality PSRs in place routinely
7	Robustly monitor, manage and evaluate quality and timeliness of assessments, plans and reviews through supervision - including appropriate response to change of circumstances and ensuring reviews are genuine	YOT Manager	Achieved	Evidence in place. YJB have raised concerns about timeliness but auditing of plans now taking place. Benchmark session with YJB planned for May 2015.	All assessments and plans completed on time and responding to change in circumstance
8	Update of Compliance and Report Writing Policies and ensure dissemination	YOT Manager	Achieved	Polices in place and disseminated	
9	Implement process to share high quality assessment and planning practice across the team	YOT Manager	Achieved	Achieved by i) Roll out of YOT Operational Plan in November ii) Roll out of Peer QA process following pilot	
10	Ensure managers lead and set out what is and is not acceptable in terms of quality - linked to HMIP Benchmarking session	YOT Manager	Achieved	YJB Benchmark session has taken place. Success monitored by YJB QA sessions	Confident leadership of quality in the team
11	Implement relevant initial health screening tool and referral process.	YOT Manager	Jan 2015	AMBER A suite of Health screening processes (in Asset + tool, lac Health Action plans etc) in place. Health audit indicates screening is being undertaken appropriately by YOT. Health Board Champion to develop Pathway processes. Anticipated for sign off May 2015	Health needs are identified in assessments and responded to in the plans

12	Implement a robust 'step-down' handover process to Tier 3 services for young people leaving the YOT	Interim Youth Support Commissioning Manager/YOT Manager	Achieved	Clear guidance regarding good "step down" practice given to staff and shared with Team	Reduction in re-offending
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13	Complete a National Standards Audit and embed regular reporting cycle	YOT Manager	Achieved	National Standards audit completed. Monthly performance feedback now part of inspection framework.	YOT Board has a clear understanding of compliance with national standards
14	Hold a focussed QA Audit on education dimension of assessments and plans (first of annual schedule)	YOT Board Public Education Rep	Jan 2015	AMBER- Audit due for completion at end of April '15. Anticipated to turn green in May therefore.	YOT Board is assured that education needs are being identified and addressed
15	Hold a focussed QA Audit on health dimension of assessments and plans (first of annual schedule)	YOT Board Public Health Rep	Achieved	Audit completed by Health. Results still to be distributed to Board	YOT Board is assured that health needs are being identified and addressed
16	Hold a focussed QA Audit on safeguarding dimension of assessments and plans (first of annual schedule)	CSCS Commissioning Manager	Achieved	First audit has been undertaken by CSCS Commissioning Manager. Results to be distributed to the Board. Follow up to take place over course of the next year	YOT Board is assured that safeguarding needs are being identified and addressed
17	Audit quality of PSRs and report on improvement to Board based on 2013 benchmark	YOT Manager	Achieved	Confirmation of YJB satisfaction that YOT are meeting minimum requirements. A number of additional actions required to address length, use of language and "risk" terminology before they can be classified as "excellent" though	Excellent PSRs in place routinely

Objective 6 – By, January 2015 every young person open to the YOT will be in receipt of high quality, evidence-based interventions delivered by the YOT staff team, co-located specialists and partner agencies					
Linked HMIP Recommendations: 5 & 12					
Linked Performance Indicators: A6, A7, A10-15, B10-B21					
No	Action	By Whom	By When	RAG / Comment on current position	What success will look like
1	Implement YOT Operational Plan	YOT Team	achieved	In place	Increased ownership of Improvement Plan by YOT staff
2	Focussed audit of interventions to ensure level of intervention reflects ASSET score (Scaled Approach)	YOT Manager	Achieved	YJB audited files indicate correct levels assigned	Improved understanding of appropriates of interventions
3	Implement actions and outcomes of the three days of staff development to evidence improvements in practice by the team in response to a) the above audit b) reoffending profile (from tracker) c) ASSET scoring d) gaps in interventions, e) assessment of quality	YOT Manager (YJB)	Feb 2015	AMBER Actions implemented- Dip sample evidenced a concern regarding timeliness therefore will repeat in April and May 2015. Intention to sign off as complete at this stage	Coherent picture of interventions available and areas to develop
4	Review use of Intensive Supervision and Surveillance (ISS) in relation to assessments	YOT Manager	Achieved	Staff have undertaken training to deliver ASDAN programmes as agreed by the Board in July. This will provide a more coherent package of interventions. In addition, all young people subject to ISS requirements will undertake a combination of bespoke programmes already in use by the YOT identified at assessment stage	Appropriate use of ISS to reduce re-offending
5	Ensure YOT staff understand the full range of health interventions offered through the integrated CAMHS and	YOT Manager (YOT Board Pubic Health	Dec 2014	AMBER- SLAs currently being developed- led by Board Health rep. YOT Manager has to identify follow up sessions to	Plans will meet the health needs of young people

	substance misuse services	Rep)		assist in embedding training. Anticipated to become green in May 2015 once SLA in place and follow up training arranged	
6	Evaluate barriers to accessing post-16 learning opportunities in line with the current NEET review of the Children's Trust	YOT Board Education Rep	Achieved	Paper endorsed by the Board in December 2014	Clear plan in place to improve education provision
7	Revise specification for parent support service (including information from assessments and ensuring relayed to court) and parents/carers engaged in their child's court orders (see Objective 7)	YOT Manager	Achieved	YJB endorsed paper outlining the provision on 24/2. The revised specification was accepted, and this action can be signed off. Majority of parenting work needs to be carried out by YOT staff working directly with parents themselves. Work being undertaken by Practice Leads and FIP Mentor to address confidence and skills base of the staff group concerning their parenting work,	Parents are supported to help reduce offending
8	Develop robust links with the Family Intervention Project and Multi-Systemic Therapy Services (Priority B)	YOT Manager (Troubled Families Co-ordinator)	Achieved	Action Plan now being devised by Troubled Families Co-ordinator following the recent HMIP Thematic Inspection into YOTs & Troubled Families to further strengthen links	Clear intervention pathway (including step-down) for young people and families
9	Evaluate effectiveness of Priority Young Person process for repeat offenders and make recommendations for improvement at YOT Board	YOT Board Probation Rep	Achieved	TOR/governance arrangements refreshed. YOT Manager has undertaken review of PYP intervention and presented to Board in April 2015	Appropriate interventions to reduce re-offending
10	Implement changes to health support following the findings of the HNA	YOT Board Public Health Rep	Feb 2015	AMBER - YOT Service Development Manager presented paper at February Board. Recommendations to be implemented. And anticipated to be in place in	Full range of health interventions in place

				May 2015	
11	Sourcing and implementing appropriate interventions as a result of 2.and 3. above	YOT Manager	Achieved	Team Effective Practice events ongoing. Ongoing identification of resources (within constraints of budget) and interventions to be used on a quarterly basis. ASDAN Programmes will provide further structure	Revised and approved set of interventions from YOT Team
Objective 7 – By, October 2014 every young person and their parents/carers will be fully engaged in the relevant aspects of the sentence. Processes and delivery will be shaped to maximise user-engagement.					
Linked HMIP Recommendations: 6					
Linked Performance Indicators: A7, A11-A15, B1- B21					
No	Action	By Whom	By When	RAG / Comment on current position	What success will look like
1	Implement YOT Operational Plan	YOT Team	Achieved	In place	Increased ownership of Improvement Plan by YOT staff
2	Review process to ensure Pre-Sentence Reports developed through a collaborative process with young people and their families before day of sentence	YOT Manager	Achieved	An audit of all PSRs in the last 12 months in March 2015 indicated that parents are involved in the PSR information-gathering where appropriate. However it was not always clear that the young person had seen the report before sentence so the YOT will continue monitor- though YJB agree that this action can be signed off	Young people have full understanding of the requirements of their interventions
3	Implement robust processes to ensure staff fully utilise YOT user-engagement processes ('What Do You Think', 'Young Person's Charter' and Viewpoint'). Include issues of diversity. Monitor through supervision.	YOT Manager	Achieved	User Engagement Plan in place and action plan in place to address issues raised by young people.	Young people wishes and views are integrated in their plans and acted upon

4	Develop processes to aggregate learning to inform coherent improvements for YOT practice	YOT Manager	Achieved	In place via Exception Reports. YJB agreement	More responsive YOT practice
5	Implement MARS tool for assessing young people's learning style and implement responsive intervention respectful of young people's diversity	YOT Manager	Achieved	Piloted and rolled out to the team	
6	To ensure regular planning, review and compliance panels take place with young person, parents/carers and YOT staff	YOT Manager	Achieved	In place. Planning benchmarking taking place in May '15	Young people actively engage and shape intervention and fulfil sentence requirements

Objective 8 – By October 2014, all staff will be clear on effective practice and effectively and robustly performance managed					
Linked HMIP Recommendations: 7					
Linked Performance Indicators: A5, A15, B1-B21, C5, C6					
No	Action	By Whom	By When	RAG / Comment on current position	What success will look like
1	Implement YOT Operational Plan	YOT Team	Achieved	In place	Increased ownership of Improvement Plan by YOT staff
2	Complete PDRs for Practice Leads and identify training and support needs in line with YJB Learning Matrix Guidance	YOT Manager	Achieved	PDRs completed using the YJB Learning Matrix	Managers know how to set clear expectations of quality practice amongst the team,
3	Implement coaching and mentoring support for the YOT Manager and Practice leads based on PDR in line with YJB Learning Matrix Guidance	YOT Board Chair	Achieved	Lindsey Bass, former YOT Manager, employed as Service Development Manager until March 2015 in first instance	Improved management of YOT Team members
4	Ensure monthly YOT Management Team meetings are utilised to develop and deliver a shared understanding of good and effective modern youth justice practice	YOT Manager with YJB Support and HMIP Benchmarking	Achieved	Minutes shared with YJB to evidence progress. Feedback received from YJB audit recommending improvements to be made. This was followed up and YJB content with improvements	Managers know how to set clear expectations of quality practice amongst the team
5	Improve the quality and recording of supervision arrangements	YOT Manager	Achieved	QA processes reviewed regularly by YOT Management Team. Sample of supervision notes QA'd by YJB to demonstrate progress. Feedback from YJB used to revise supervision template and policy	Assessment, plans and interventions improve following tailored feedback through supervision
6	Develop robust link between supervision, audit, PDRs and training	YOT Manager	May 2014	AMBER- Evidence that links are in place and improved quality in October backs this assertion up. YJB have agreed to review in April/May 2015 when Training Plans	Quality improves as every YOT staff member is clear about practice strengths, areas for development

				and PDR targets are set. Anticipated this will turn green at May Board	
7	Hold a 'Staff Charter Day' to establish a coherent understanding of what managers and staff can expect from each other	YOT Manager	Achieved	Staff charter in place. Followed up by service delivery day to create above noted YOT Operational Plan	Managers know how to set clear expectations of quality practice amongst the team
8	Ensure PDR process for specialist staff is linked to National Guidance on role profile	YOT Board Public Health Rep and Police Rep	Achieved	PYOT Chair currently is undertaking countywide review of YOT police role. This will ensure PDR fits. Health have assured that PDRs will link in with role profile guidance as per Learning Matrix.	Specialist staff are skilled in assessment, planning and intervention
9	Implement process to observe intervention practice regularly and link to staff PDRs and supervision	YOT Manager	Achieved	Observation programme in place, template in use for Practice Leads to undertake with staff. YOT Manager/Service Development Manager commenced programme of observation of Management Team	Staff and managers have shared view of excellence
10	Reflective supervision practice is embedded.	YOT Manager	Achieved	Reflective Practice promoted by Management Team and part of standard supervision agenda	YOT staff improve practice through use of reflective logs and other tools in 1:1 supervision
11	Strengthen support from partner Human Resources to ensure poor performance is addressed rapidly and consistently	Head of Service	Achieved	Poor performance has been addressed with discussion & involvement of partner agencies	All YOT staff are performing at expected high level of practice
12	Revise staff recruitment and induction process to drive up the quality of future staff ensuring shared understanding of good and effective practice	Head of Service	Achieved	Induction arrangements in place for new staff; comprehensive L&D offer in place & rolled out to	

				team	
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Objective 9 – By, October 2014 all staff will have the right training, supervision and oversight in place to deliver high quality practice					
Linked HMIP Recommendations: 8 & 9					
Linked Performance Indicators: A5, A15, B1-B21, C3 C6					
No	Action	By Whom	By When	RAG / Comment on current position	What success will look like
1	Implement YOT Operational Plan	YOT Team	Achieved	Implemented and in place	Increased ownership of Improvement Plan by YOT staff
2	Ensure staff are trained and able to use the new case management system	CSCS Project Manager	Achieved	Staff have received training	Full understanding of CMS and successful recording by team on the system
3	Design and implement Training Matrix to monitor training accessed by the YOT Staff Team in line with national YJB Learning Matrix and the improvements outlined in this plan	YOT Manager	Achieved	Training matrix developed in March 2014 identifying needs for the team. In addition, all PDRs have been created utilising the Learning Matrix	All staff training needs will be identified and plans in place to address deficits
4	Ensure all staff have received child protection training	YOT Manager	Achieved	Planned for recent starters and dates in diary	Young people and victims will be appropriately safeguarded
5	Ensure Practice Leads have the knowledge and skills to countersign assessments and plans	YOT Manager	Achieved	In place. YJB raised concerns about consistency of countersigning and not willing to sign off as green at this stage. Benchmarking event taking place in May 2015 at which stage sign off is anticipated	Assessments and plans will improve in quality (see Objective 5)
6	Design and deliver bespoke APIS training all YOT Team staff	YOT Manager	Achieved	Complete- delivered by Wright link	
7	Develop short-term workforce development plan based on assessment of intervention in Objective 6	YOT Manager	Achieved	Strategy has been approved by Director of CSCS	Improvements in the range and quality of interventions will improve

8	Ensure all current staff and volunteers have accessed Restorative Justice Training	YOT Manager	Achieved	Action was completed by May 2014. Going forward PYOT will utilise in house trainers and SPP Trainers for future training provision	Quality of RJ interventions will improve supporting reductions in re-offending
9	Hold team workshop on 'professional challenge' and escalation processes	YOT Manager	Achieved	Covered during course of staff development days. It was also discussed at Team Meeting in August (Escalation Processes)	Improved multi-agency working with young people.
10	Complete all PDRs and workforce development needs (linked to supervision) in line with YJB Learning Matrix.	YOT Manager	Achieved	In process of finishing off PDRs for 15/16 currently. Interviews with staff have taken place	All staff training needs will be identified and plans in place to address deficits
11	Ensure future PDR cycle fits with review of Youth Justice Plan	YOT Manager	Achieved	PDRs to be reviewed in May 2015, planning for this to commence March 2015 Refresh of YJ Plan to begin in June 2015	More accurate PDRs
12	Develop and deliver bespoke Pre-Sentence Reports workshops	YOT Manager	Achieved	Achieved- to be repeated every 6- 8 weeks with staff	Improvements in the quality of PSRs
13	Deliver ASSET+ training (when launched)	YJB and YOT commissioned trainers	Tbc (roll out due Summer 2016)	GREEN- Roll out due Summer 2016	High quality assessments and plans compliant with revised national standards
14	Review Annual Training Plan for Apr 2015- Mar 2016 based on PDRs, Workforce Development Plan, revised intervention offer and linked to YJB on-line learning modules	YOT Manager	Achieved	Plan in place. All staff have generic training template which includes scope for bespoke training events	Coherent training offer in place for staff
15	Design and deliver of Speech, Language and Communication Needs (SLCN) training to tackle communication barriers to intervention	YOT Manager	Achieved	Delivered to team on 11.3.15	Interventions tailored to needs of young people
16	Implement Train the Trainer for relevant YOT staff in delivering RJ Conference Facilitation	YOT Manager	Achieved	Completed- staff trained and received accreditation	RJ interventions of high quality
17	Embed ongoing skills development process for Pre-Sentence Report	YOT Manager	Achieved	Ongoing- PSR workshop being delivered by QA	High quality PSRs in place for young people

	writing and presenting			Performance Lead, September 2014. Repeated every 6 weeks. Review in 2015	
18	Design and implement bespoke 'Court skills' workforce development based on user feedback	YOT Manager	Achieved	New YJLS module to be utilised and modified to meet local needs and delivered to team by PCC L&D in June 2015	Improved practice in courts
19	Review YOT Induction Programme	YOT Manager	Achieved	New induction process introduced in summer 2014. Reviewed in line with Oct 2014 Peer Review recommendations in February 2015	Improved understanding of YOT role and requirements
20	Review and refresh of Practitioner Guidance	YOT Manager	Achieved	YJB Case Management Guidance launched Jan 2015	Improved APIS quality
21	Review and refresh of Asset Policy	YOT Manager	Achieved	Policy refreshed and available in W Drive. Roll out with team still required	Improved APIS quality
22	Develop a management development offer	CSCS Manager	Achieved	L&D to follow up on management training delivered throughout 2014. Plan being reviewed for 2015/16.	Better equipped management team- able to deal more robustly with APIS development

Objective 10 - By, December 2014 all victims of youth crime will receive high quality support and appropriate involvement in interventions with a focus on victim safety

Linked HMIP Recommendations: 11

Linked Performance Indicators: B1-B21

No	Action	By Whom	By When	RAG / Comment on current position	What success will look like
1	Implement YOT Operational Plan	YOT Team	Achieved	In place	Increased ownership of Improvement Plan by YOT staff
2	Review process to ensure all victims are offered appropriate intervention - sourced at i) Out of Court Disposal level ii) Pre-Sentence Report iii) Statutory Court Orders	YOT Manager	Achieved	Reviewed	Improved interventions for victims
3	Revise and implement new Victim Satisfaction Feedback forms	YOT Manager	Achieved	Reviewed new processes in place from January 2015	Improved understanding of effectiveness of support offer
4	Audit quality of RoSH/RMP and link to supervision and training with a focus on victim safety	YOT Manager	Achieved	In 3 cases audited by the YJB the RoSH and RMP were of adequate/good quality. Varying degrees to which victim was considered noted	Victim safety is at the heart of planning arrangements

5	Improvements to RoSH/RMP which keep the victim safe through effective partnership working	YOT Manager	Achieved	See above comments	
6	Deliver services to victims in line with Code of Practice for Victims of Crime (NS 7.1)	YOT Manager	Achieved	The PYOT is working to codes of practice	Improved interventions for victims
7	Ensure timely delivery of reparation (indirect and direct) and restorative processes through revised practice and prioritisation within staff team.	YOT Manager	Mar 2015	AMBER- Action plan in place to ensure delivery by end of March. Evidence that the reduced waiting time is being maintained will enable this action to go to green. Service Development Manager liaising with YJB to provide evidence. Anticipated sign off date at May 15 Board	Reductions in time victims wait for reparation to within 3 months. Improvements in user feedback noted.
8	Ensure victims are given the opportunity to provide statements to Police as to the impact of the offence	YOT Board Police Rep	Achieved	In place	Improved interventions for victims

Title of meeting:	Cabinet
Date of meeting:	24 September 2015
Subject:	Response to Education, Children & Young People Scrutiny Panel
Report by:	Stephen Kitchman Director of Children's Social Care
Wards affected:	All
Key decision:	No
Full Council decision:	No

1. Purpose of report

A recent review of progress of the Youth Offending Team's Improvement Plan in response to the Her Majesty's Inspectorate of Probation report of 2013 was undertaken by the Education, Children and Young People Scrutiny Panel, Appendix 1. This report seeks to respond to the recommendations made.

2. Recommendations

That the panel is thanked for its work in undertaking a thorough review.

That Cabinet:

- I. notes and supports the recommendations in that report.
- II. notes the further inspection report of HMIP published 2nd September 2015, with corresponding endorsement of service improvement and development made within the Youth Offending Team.

3. Background

The Education, Children and Young People Scrutiny Panel undertook a review into progress against the Youth Offending Team Improvement Plan. This was drawn up following a HMIP inspection of November 2013 which had identified particular weaknesses in Portsmouth, together with higher than average rates of reoffending.

The aim of the review was to investigate how the council and partners are responding to the findings of the YOT inspection of 2013 and the progress against the subsequent Improvement Plan. During the review which was carried out between February 2015 and June 2015, the Panel received evidence from a

number of sources, which it used to draw up a series of recommendations to submit to the Cabinet.

At its meeting on 24 February 2015, the Panel agreed the following objectives for a scrutiny review of progress against the PYOT Improvement Plan:

- To consider performance against the three National Indicators
- To consider progress against the Improvement Plan
- To consider the effectiveness of management and Governance arrangements through the Portsmouth Youth Offending Board
- To assess how well the partnership is integrating interventions with young people
- To consider how effectively service users including victims are engaging with the PYOT

The Panel was chaired by Cllr Will Purvis and met formally to discuss the review on three occasions between 2 February 2015 and 16 June 2015.

The Panel noted that the actions on the improvement plan are fully on track and that good progress is being made with reducing re-offending rates and custody rates. The Panel also found the governance of the YOT Board to be strong and felt that the YOT team had adapted to recent changes in a professional manner. Full recommendations of the panel are contained within Appendix 1.

4. Reasons for Recommendations

The Portsmouth Youth Offending Board and wider partnership are committed to service improvement and associated outcomes to prevent young people offending and address the causes and impact of this. The recommendations of the scrutiny panel are therefore supported and will be incorporated into the annual refresh of the Youth Justice Strategic Plan 2015 - 17.

5. Equality impact assessment

An equality impact assessment is not required as an EIA was completed on the YOT earlier this year and the recommendations do not have a negative impact on any of the protected characteristics as described in the Equality Act 2010.

6. Legal implications

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

7. Director of Finance's comments

The financial implications are contained within the scrutiny report.

.....
Signed by:

Appendices:

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

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

Title of document	Location
YOT Scrutiny Report	Appendix 1

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

.....
Signed by:

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Agenda item:

Title of meeting: Portsmouth City Council Cabinet Meeting

Date of meeting: 24th September 2015

Subject: Review of the HMIP Inspection Report and Inspection Improvement Plan

Report From: Stephen Kitchman, Director of Children's Social Care

Report by: Jon Gardner, Portsmouth Youth Offending Team Manager

Wards affected: All

Key decision: No

Full Council decision: No

1. Purpose of report

- 1.1. To update Cabinet on the outcome of the Her Majesty's Inspectorate of Probation (HMIP) Full Joint Re-Inspection of Youth Offending within the City and proposed Inspection Improvement Plan.

2. Recommendations

- 2.1. That Cabinet notes the achievements made by the Youth Offending Team in improving practice and endorses the plan to make further improvements based upon the recommendations of the inspectorate.

3. Background

- 3.1. Following a critical Inspection of Youth Offending in December 2013, HMIP returned to the city in June of this year to review progress. They noted significant and sustained improvements had been made and highlighted these within their report published on 2nd September 2015 (Appendix 1)

- 3.2. Within the report star ratings were given as follows:

Reducing Re-Offending	70%	★ ★ ★
Public Protection	76%	★ ★ ★
Protecting the Child and Young Person	85%	★ ★ ★ ★

Ensuring the sentence is served	86%	★ ★ ★ ★
Interventions	75%	★ ★ ★
Governance and Partnerships	N/A	★ ★ ★

3.3. From their inspection inspectors found:

- Case managers provided relevant information to the courts, assessments demonstrated that they understood the reasons why children and young people offended, and the frequency and seriousness of offending had decreased;
- Work to protect the public and actual or potential victims was satisfactory. Multi-agency arrangements were largely effective in the management of risk of harm work. The sharing of intelligence between the YOT police officer and case managers was progressive;
- Protecting children and young people was good. Assessments and reviews were done well. Relationships with children’s social care services and the YOT were much improved. Management oversight had improved;
- Work to ensure that the sentence was served was good. The YOT and its partners worked effectively to achieve positive outcomes for children and young people. Enforcement was managed well;
- The effectiveness of governance and partnership arrangements was satisfactory. The YOT Management Board had acted decisively to address the findings of the joint inspection in 2013. Performance data was being used to inform service delivery; and
- The management and delivery of interventions to reduce reoffending was satisfactory. The variety of reparation activities was not always meaningful to children and young people. One-to-one delivery of supervision with children and young people was impressive.

3.4. Further to this inspection 5 recommendations were made:

- The YOT should ensure that planning for work to reduce reoffending is effective and children; young people and parents/carers have a greater input into these plans.
- Attention should be given to increase the numbers of children and young people attending and engaging in Employment, Training and Education (ETE).
- Child Sexual Exploitation (CSE) should be covered as a standing item on the YOT Board agenda.

- Health services should be integrated into assessments, planning, reviews and service delivery.
 - Reparation activities should be meaningful to children and young people; the effectiveness of interventions should be measured and suitable alternative settings to the Civic Centre to deliver interventions should be considered.
- 3.5. The attached Inspection Improvement Plan (Appendix 2) has been devised and agreed to address these recommendations. The actions within align directly with the priorities of the 3 Year Youth Justice Strategic Plan.

4. Reasons for recommendations

- 4.1. The development of the improvement plan and aligned Youth Justice Strategic Plan are statutory requirements for the local authority and associated member endorsement is requested y

5. Equality impact assessment (EIA)

- 5.1. An EIA has not been completed for the 2015 inspection improvement plan but has been previously completed for the 2014/17 Youth Justice Strategic Plan with which this plan is aligned.

6. City Solicitor's Comments

- 6.1. There are no relevant legal comments applicable to this report as clearly the sustained changes and improvements mitigate as against risk to the Authority by way of, potential Inspectorate censure, Judicial Review or offender re-offending impact upon the Portsmouth and wider populations.

7. Director of Finance's comments

- 7.1. There are no direct financial implications arising from the recommendations within the report.

Signed by: Jon Gardner, Portsmouth YOT Manager

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: Name and Title

Agenda Item 7

THIS ITEM IS FOR INFORMATION ONLY



Portsmouth
CITY COUNCIL

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 reabling 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

Agenda Item 8



Portsmouth
CITY COUNCIL

Agenda item:

Title of meeting:	Cabinet Meeting
Date of meeting:	24 th 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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Agenda Item 11



Portsmouth
CITY COUNCIL

Agenda item:

Title of meeting: Cabinet
Date of meeting: 24th September 2015
Subject: Disposal of property on Isambard Brunel Road
Report by: Director of Property
Wards affected: Charles Dickens
Key decision: Yes
Full Council decision: No

1. Purpose of report

- 1.1 To seek authority to dispose of surplus property on Isambard Brunel Road, including Chaucer House, 32 Isambard Brunel Road, Great Western House, the former Navigators Resource Centre, and potentially parts of the highway (adopted and otherwise), subject to the necessary agreements, stopping up as may be reasonably required.

2. Recommendations

- 2.1 That, Chaucer House, Great Western House, and the former Navigators Resource Centre be declared surplus to Council requirements and marketed for redevelopment.
- 2.2 That following the marketing of the site the Corporate Asset Development Board in consultation with the Director of Finance, be empowered to select an offer including the method of disposal for redevelopment, which could include but not be limited to;
- Freehold or leasehold sale
 - Entering a Joint venture arrangement with a third party
- 2.3 The Director of Property, the Director of Finance & Section 151 Officer, and the City Solicitor, be given authority to secure vacant possession of the site (as identified in Appendix 1) and to complete all necessary documentation required to complete the transaction as per 2.2 above.

3. Background

- 3.1 The Isambard Brunel Road site comprises the following assets:

- Chaucer House, a 3 storey office building with 3 retail units on part of the ground floor, a dry cleaner, a newsagent and a training centre. The building is occupied on part of ground floor, first floor and second floor by Portsmouth City Council.
- 32 and 34 Isambard Brunel Road occupied by Relate Service by way of a lease.
- Great Western House, a 3 storey building currently occupied by Portsmouth City Council.
- The Former Navigators Resource Centre, which is occupied by Barnado's Children Charity and integrated PCC/NHS services.

- 3.2 These sites, can be seen on the indicative site plan (Isambard Brunel Road site) attached at Appendix 1. Potentially parts of the highway (adopted and otherwise), will be included as required subject to the necessary agreements, stopping up as may be reasonably required.
- 3.3 The Council is the freehold owner of Chaucer House, Great Western House and the former Navigators Resource Centre. The Council has an under-lessee of 32 and 34 Isambard Brunel Road for a term of 999 years from 6th August 2001.
- 3.4 The site has also been identified as a 'development opportunity' as part of the Council's adopted City Centre Masterplan (adopted in January 2013), which supports policy PCS4 of the Portsmouth Plan (the local development plan for the city).
- 3.5 The Masterplan sets out the Council's vision for creating a vibrant and successful city centre, which will include welcoming gateways, beautiful streets, lively and distinctive spaces and delightful buildings. To transform the area into a quality place where people chose to live, work, study visit and invest.
- 3.6 The Masterplan refers to the site as Site 13: Chaucer House and Site 15: Navigators Resources Centre which falls within the wider area referred to as the 'Guildhall Area'. The Masterplan identifies this part of the city as being a vibrant city quarter supporting a mix of business, culture, leisure, learning activities and new places to live. More specifically, it states that this site could be redeveloped for a range of city centre uses such as, office accommodation (use class B1), hotels (use class C1), student accommodation (use class C1) or education / community uses (use class D1). The Masterplan also states that ground floor 'active uses' (such as retail, cafes or restaurants) will be important on the frontage to Isambard Brunel Road to provide the activity and overlooking onto a busy pedestrian route. The Masterplan also provides further design guidance on the key issues, such as access points, important elevations and storey heights (see pages 66 - 71 of the Masterplan).

- 3.7 The Masterplan also highlights the importance of the 'public realm' in this part of the City. Referred to as 'Isambard Brunel Place' it sets out that the redevelopment of this site, provides an opportunity to establish a more unified space that effectively links the Railway Station to Guildhall Square and enhances the pedestrian environment, such as enhancements to the footways along either side of the Isambard Brunel Road linking through to Greetham Street and down to the gateway junction with Winston Churchill Avenue. The Masterplan provides more specific design guidance on these enhancements (see pages 106 - 107 of the Masterplan).
- 3.8 The continued implementation of the 'working anywhere' project means that all employees and services currently located within the above buildings can be accommodate, and will be accommodated in other operational buildings including the Civic Offices.
- 3.9 Other third parties occupying the site are aware of the potential redevelopment. Vacant possession of the site will be secured using existing Landlord and Tenant powers where existing leases have break clauses and / or termination provisions or via negotiation where such provisions do not exist. It is hoped that vacant possession can be achieved by the end of March 2017.

4. Reasons for recommendations

- 4.1 The disposal of this site creates an opportunity for the council to promote and deliver its vision for the city centre and to continue the recent investment and redevelopment that has already occurred in this part of the city. There is also an opportunity for the council to achieve savings, reduce repairing liabilities, and benefit from capital receipts and or revenue generation through the disposal of these surplus assets.

5. Equality impact assessment (EIA)

- 5.1 An Equality Impact Assessment for the disposal of assets is available on the website.

6. Legal Implications

- 6.1 Under s123 of the Local Government Act 1972 the Council may dispose of any land in any manner they wish provided that it must be for the best consideration that can reasonably be obtained. If the disposal is not for the best consideration then the consent of the Secretary of State will be required.
- 6.2 However, Secretary of State consent to the disposal is not required where the Local Authority considered that the purpose for which the land is to be disposed is likely to contribute to the achievement of any one or more of the following objects in respect of the whole or any part of its area, or of all or any person resident or present in its area

- (i) the promotion or improvement of economic well being
- (ii) the promotion or improvement of social well being
- (iii) the promotion or improvement of environmental well being

6.3 In accordance with the Council's constitution this matter requires the approval of both the Cabinet and full Council as this is a key decision as the value of the properties exceeds £250,000.

7. Finance Comments

7.1 This report seeks to market the sites for redevelopment, either through freehold or leasehold sale, or through a joint venture working with a third party.

7.2 With the exception of the 3 retail units on the ground floor of Chaucer House, the properties on Isambard Brunel Road that are being proposed as surplus are currently held within the Housing Revenue Account.

7.3 Disposing of the 3 retail units will result in a loss of rental income to the General Fund of approx. £27,000 per year. This, however, is offset by savings in rent payable by General Fund services working within HRA owned offices of approximately £108,000 per year.

7.4 Any capital receipt generated through a sale of the site would be deemed a corporate resource, but be limited in its use to funding affordable housing or regeneration.

7.5 Following the marketing of the site, a robust and detailed financial appraisal approved by the Director of Finance will be completed in order to identify the option that delivers best value to the Council.

7.6 In order to ensure that the Council is able to act promptly it is recommended that delegated authority be given to the Corporate Asset Development Board, in consultation with the Director of Finance, to approve and progress the method of disposal for redevelopment.

.....
Signed by:

Appendices:

Appendix 1 - Isambard Brunel Road site plan

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

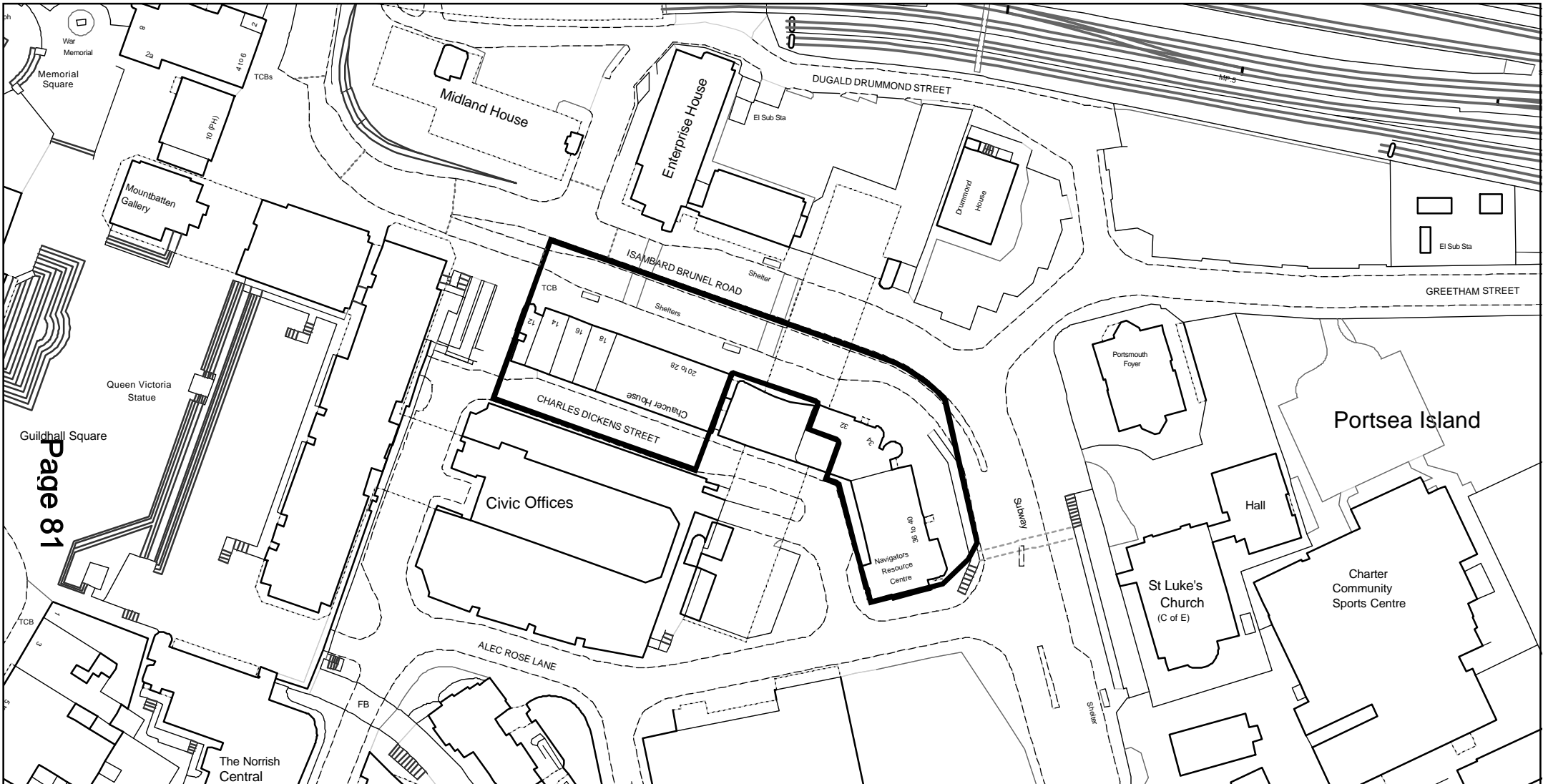
The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

Title of document	Location
Portsmouth Plan, January 2012	Copies available from the City Development Team or at www.portsmouth.gov.uk
City Centre Masterplan - supplementary planning document, January 2013	Copies are available from the City Development Team or at www.portsmouth.gov.uk

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

.....
Signed by:

APPENDIX 1



Page 81

Title: **Isambard Brunel Road Development**



Prepared for: **CABS**
Prepared by: **Geographic Information Service**

Drg No:
Scale: **1:1250**
Date: **15/09/2015**



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Agenda Item 12

Agenda item:

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.

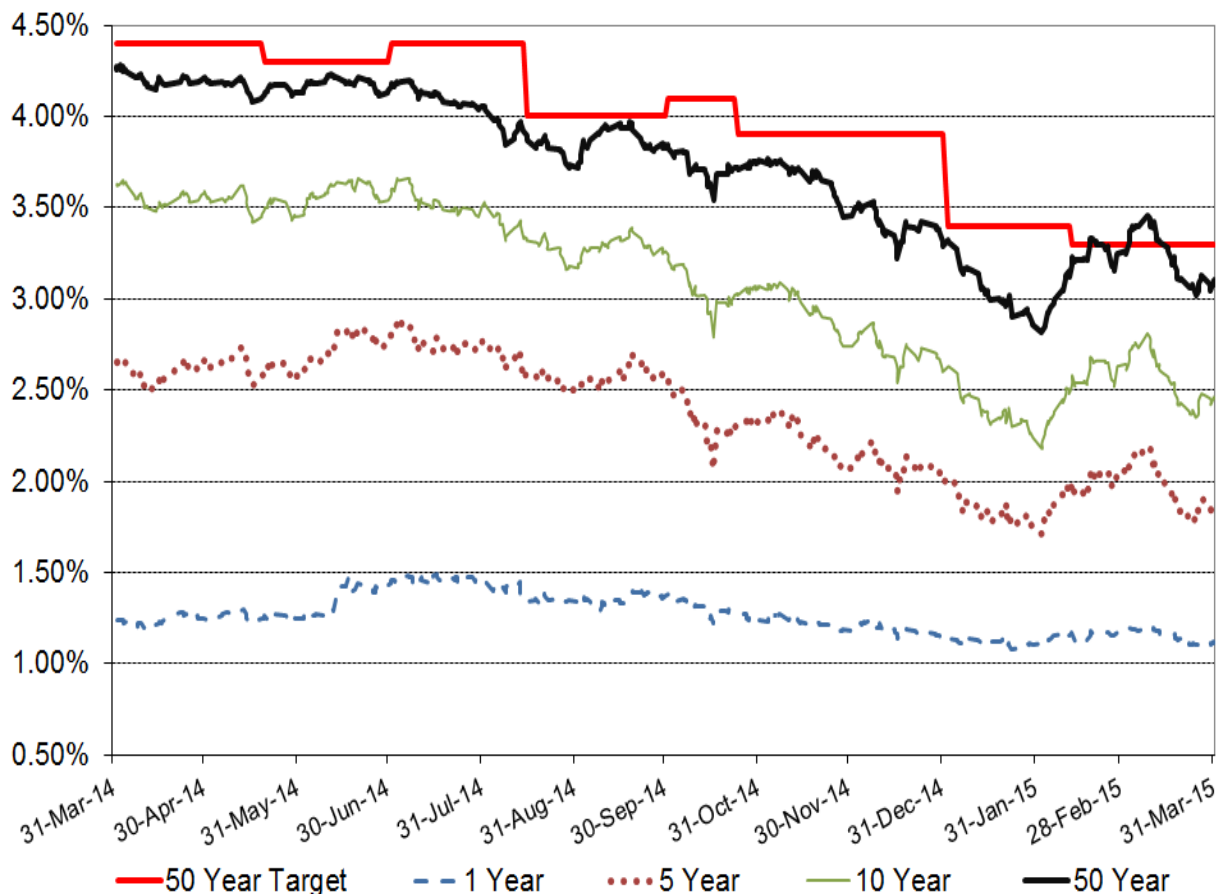
5. DEBT RESCHEDULING

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.

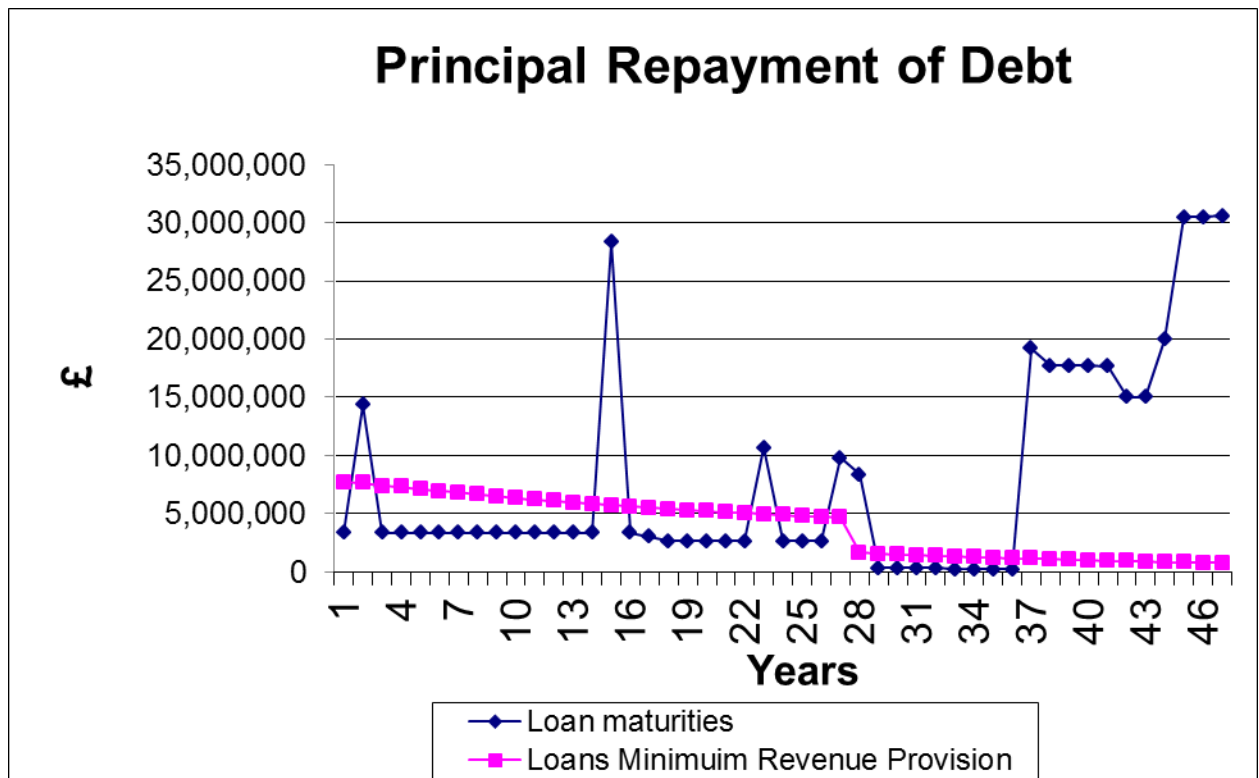
During 2007/08 the Council rescheduled £70.8m of debt. This involved repaying loans from the Public Works Loans Board (PWLB) early and taking out new loans from the PWLB with longer maturities ranging from 45 to 49 years. The effect of the debt restructuring was to reduce the annual interest payable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

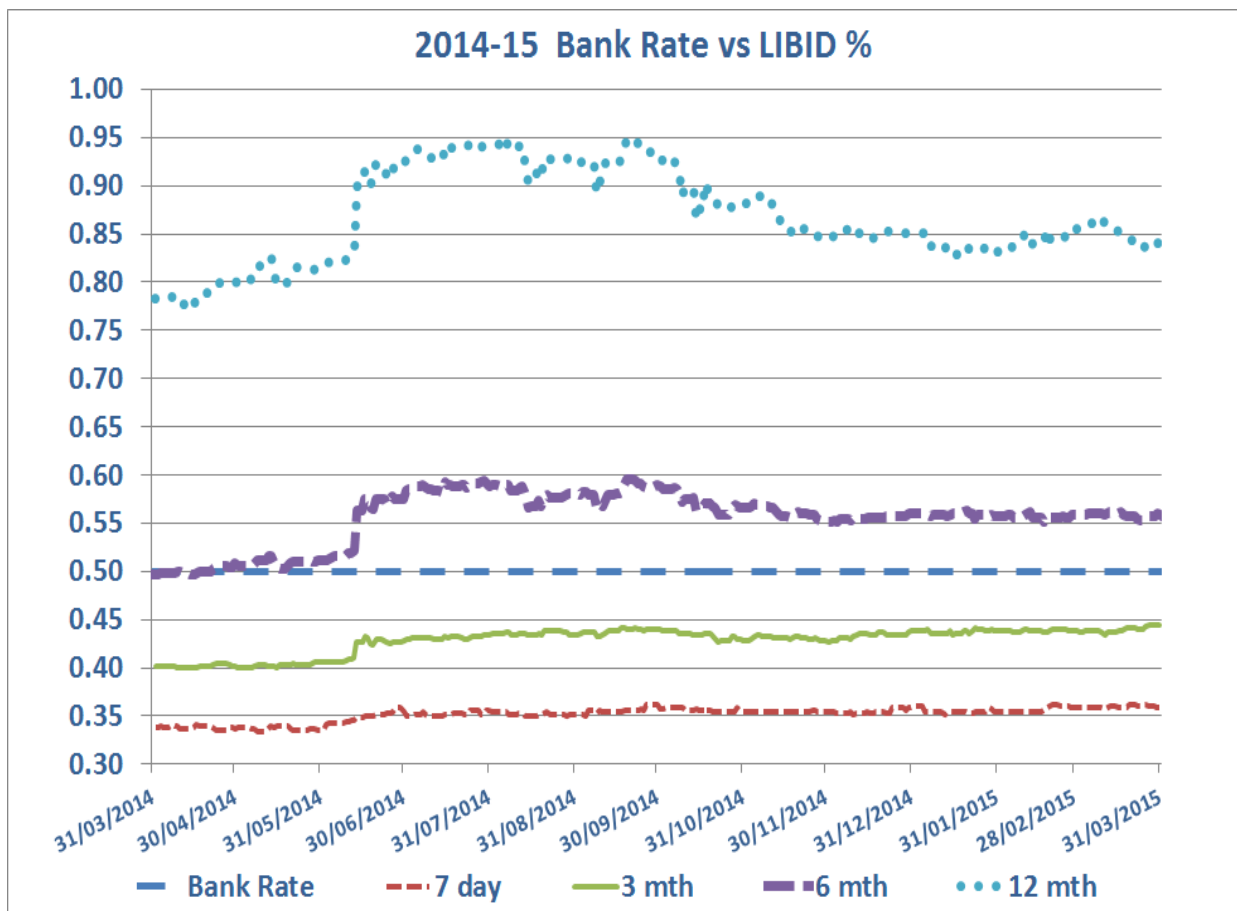
The CIPFA Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes require local authorities to set upper and lower limits for the maturity of borrowings in defined periods. The Council's performance against the limits set by the City Council is shown below.

	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.

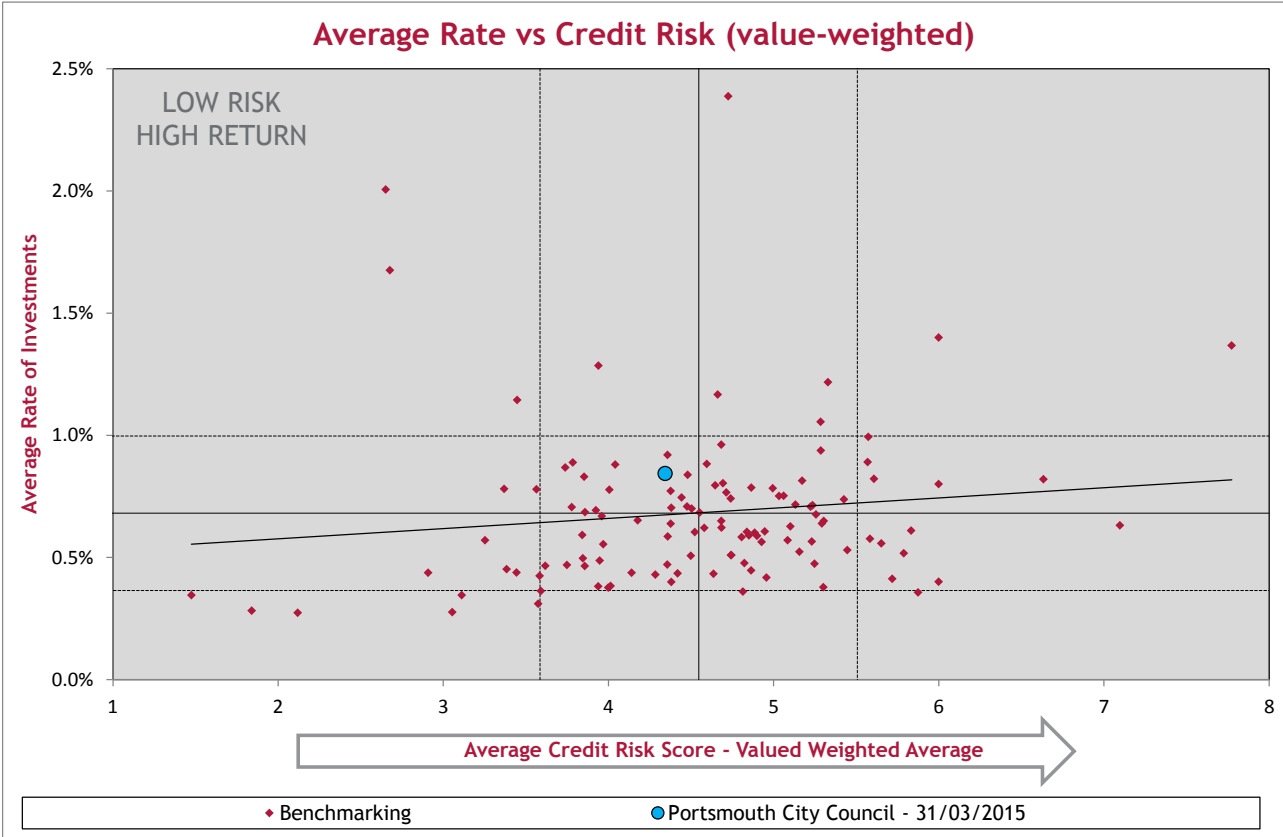
London inter-bank lending rates in 2014/15 are shown in the graph below:



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

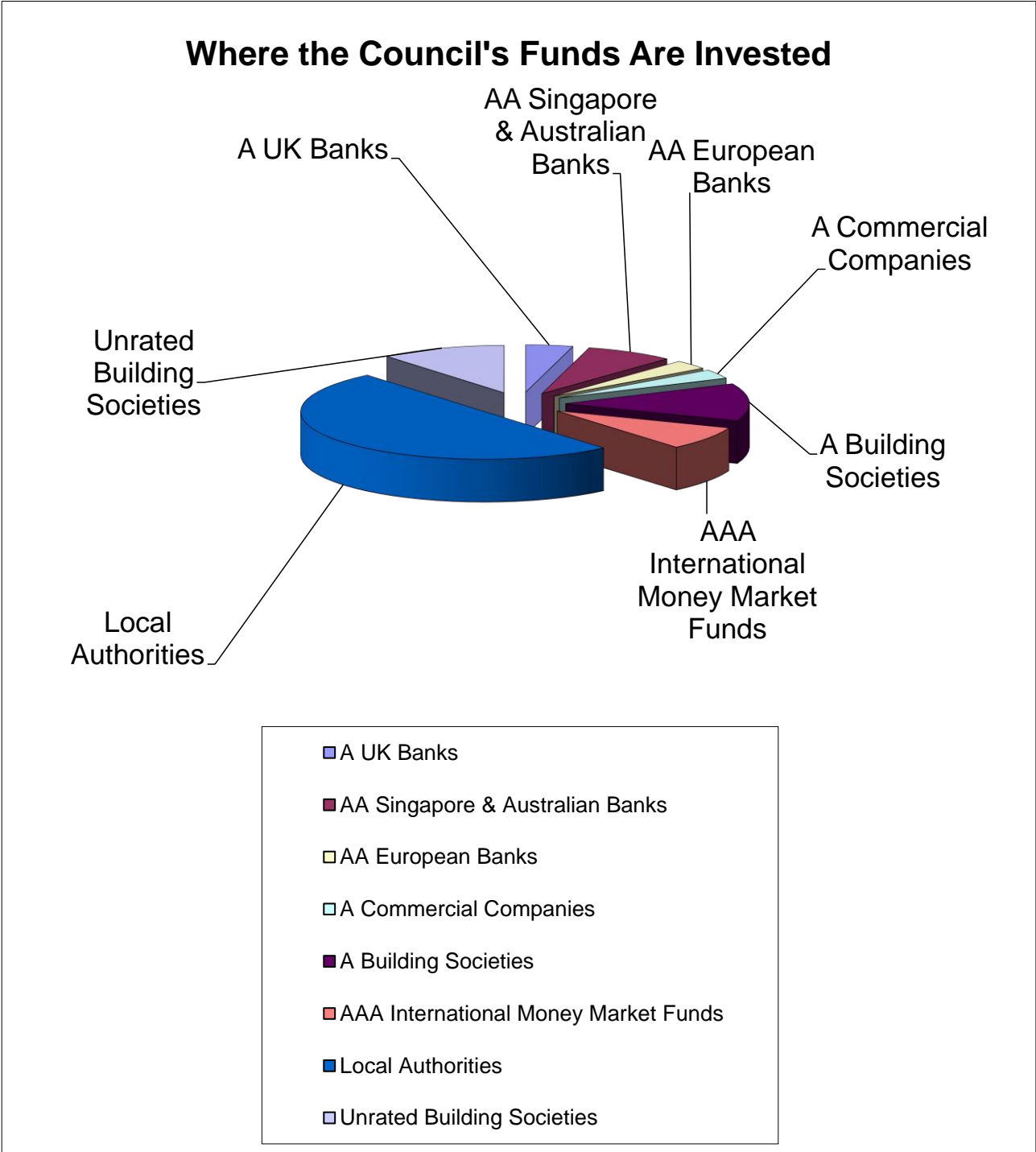
BBB (except for the Co-operative Bank who hold the Council's main current accounts) or equivalent from Fitch, Moody's or Standard & Poor

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.

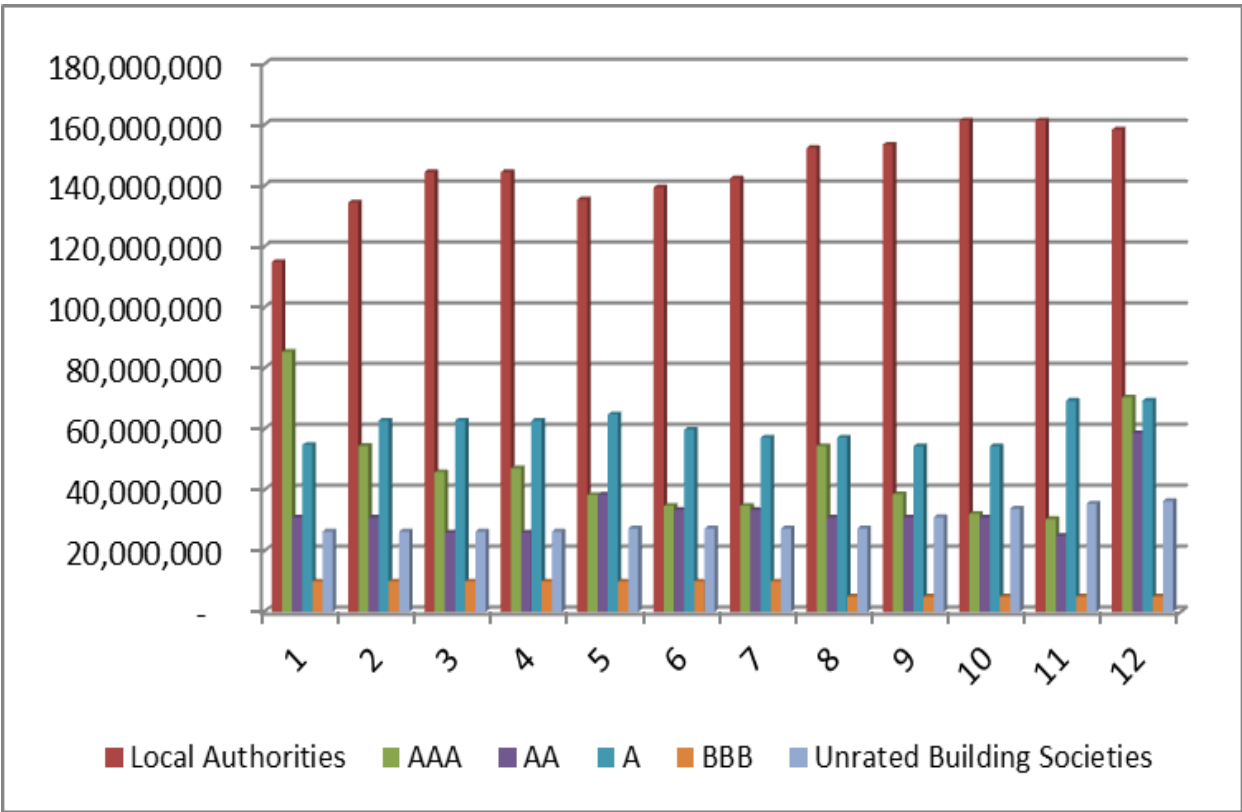
At 31 March 2015 the City Council had on average £5.7m invested with each institution.

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.

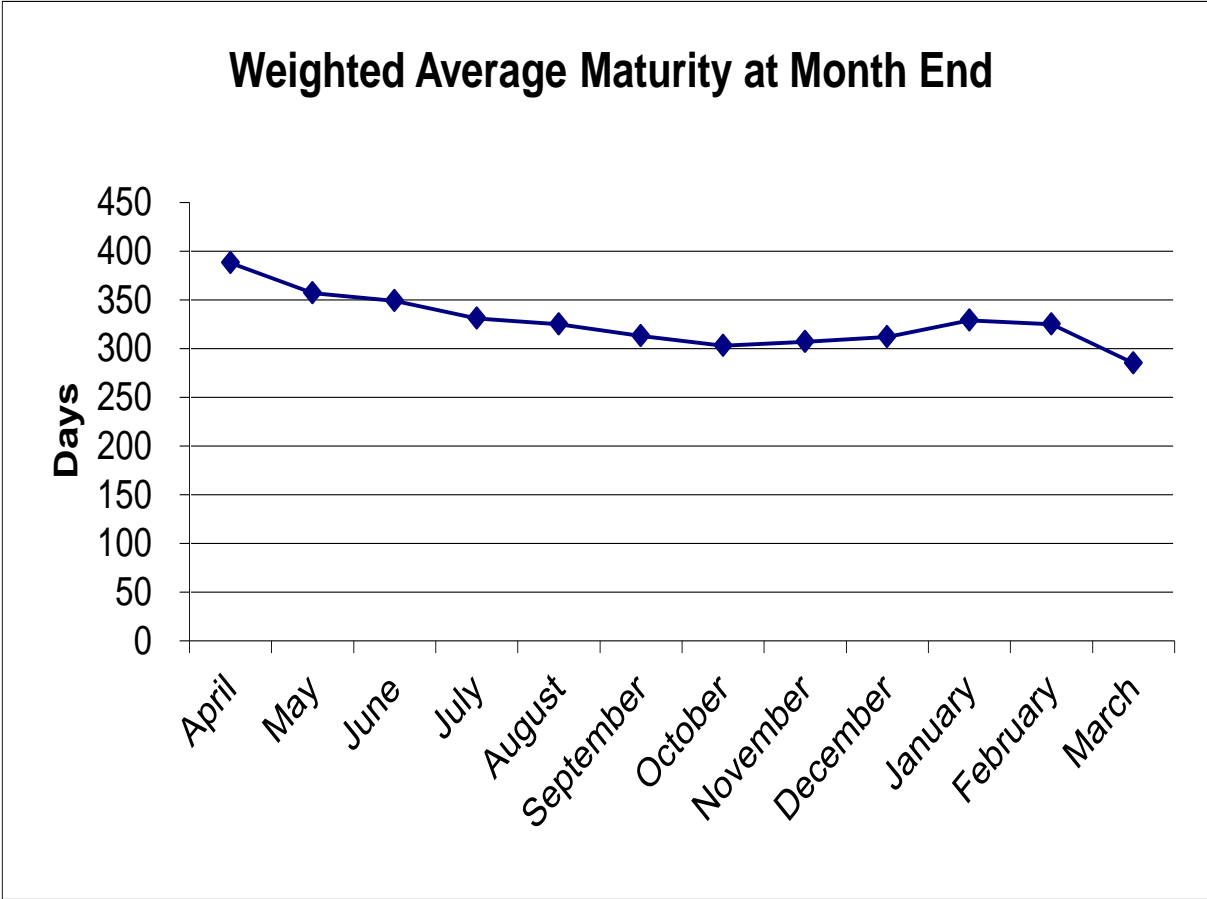


It can be seen from the graph above that investments in AAA rated counter parties, consisting of AAA rated instant access money market funds have declined over 2014/15. These investments have largely been replaced by investments in other local authorities which generally offer a better return than investments 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 13

Agenda item:

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:

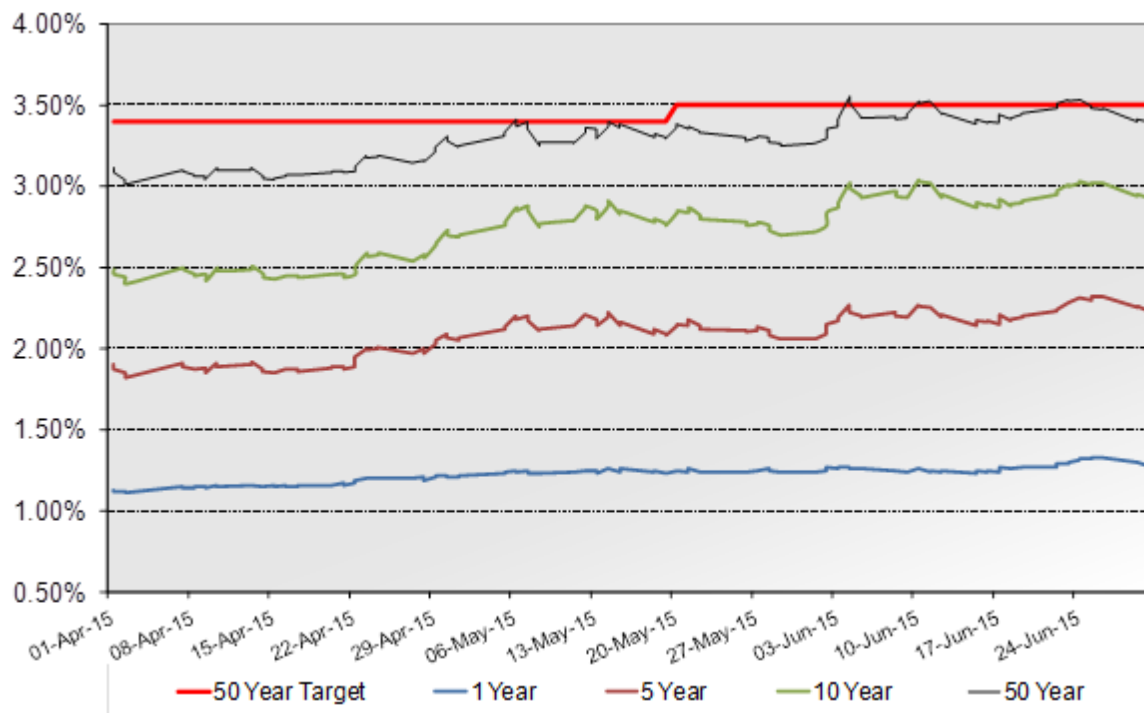
	1 April 2015	30 June 2015
	£'000	£'000
Borrowing	376,471	375,629
Finance Leases	3,027	2,862
Service Concession Arrangements (including PFIs)	83,068	82,828
Gross Debt	462,566	461,319
Investments	(321,917)	(405,708)
Net Debt	140,649	55,611

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.

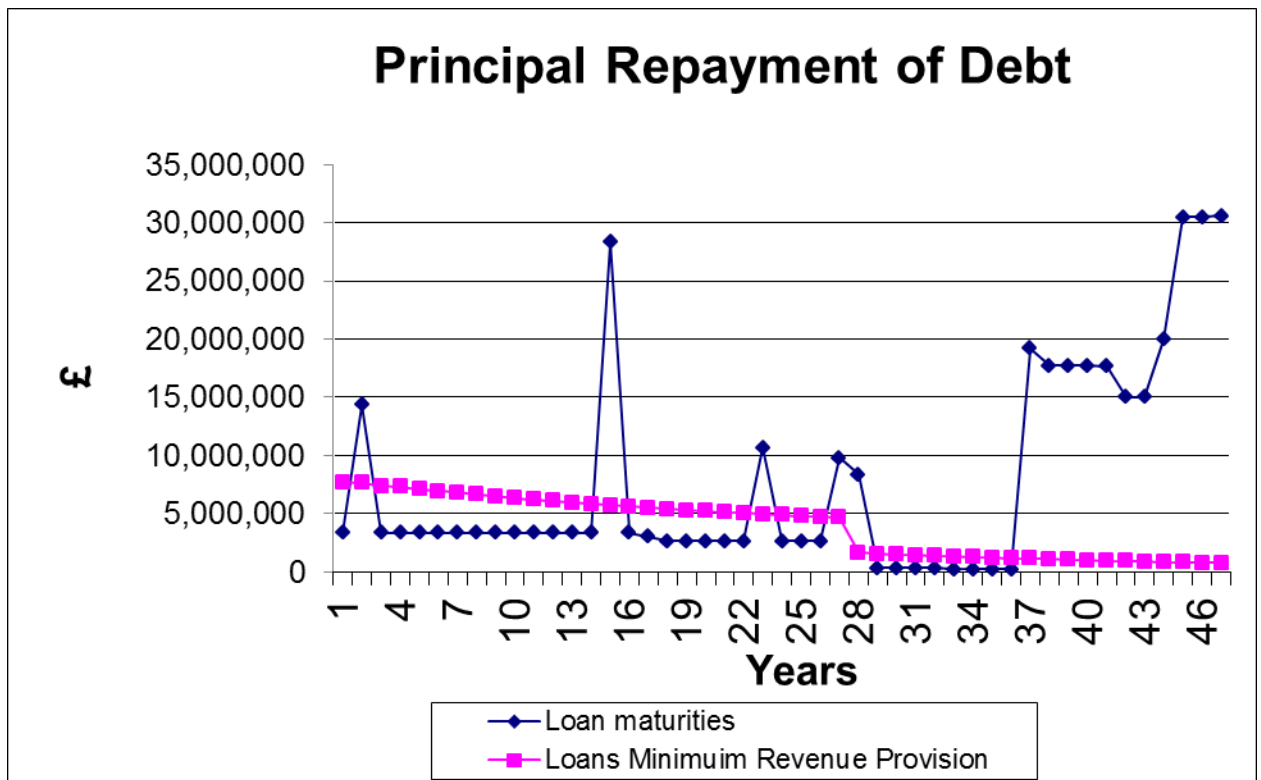
During 2007/08 the Council rescheduled £70.8m of debt. This involved repaying loans from the Public Works Loans Board (PWLB) early and taking out new loans from the PWLB with longer maturities ranging from 45 to 49 years. The effect of the debt restructuring was to reduce the annual interest payable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

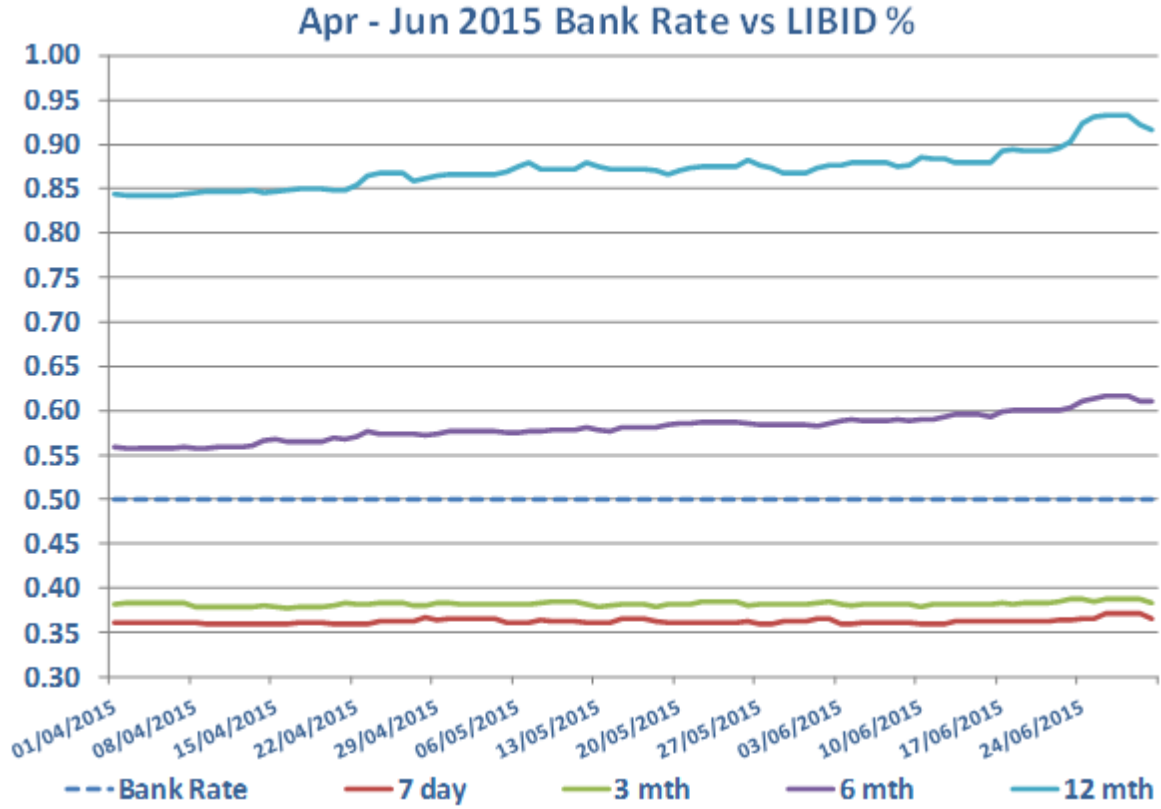
CIPFA’s Treasury Management in the Public Services Code of Practice which the City Council is legally obliged to have regard to requires local authorities to set upper and lower limits for the maturity structure of their borrowing. The limits set by the City Council on 17 March 2015 together with the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

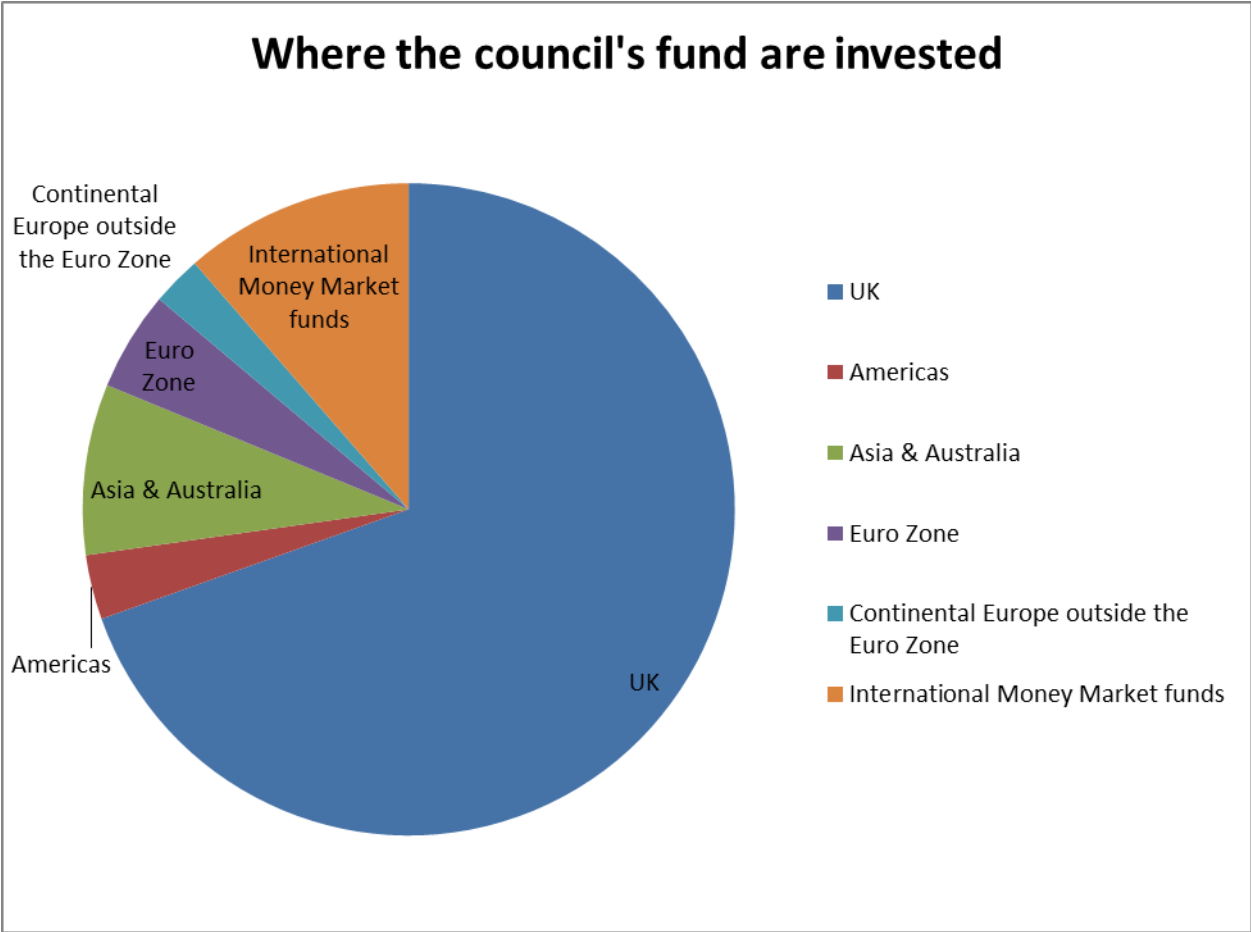
Long Term Rating

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

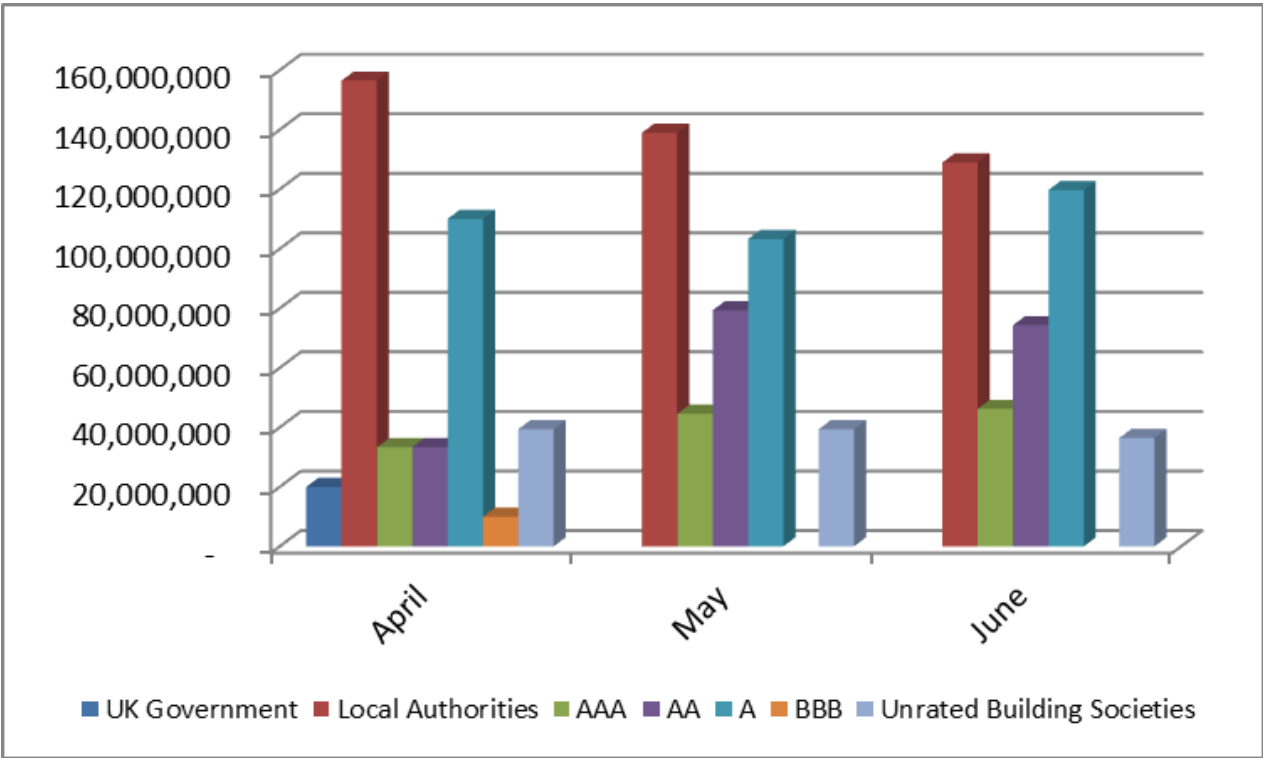
Under the Council's Annual Investment Strategy counter parties are categorised by their credit ratings for the purposes of assigning investment limits.

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.



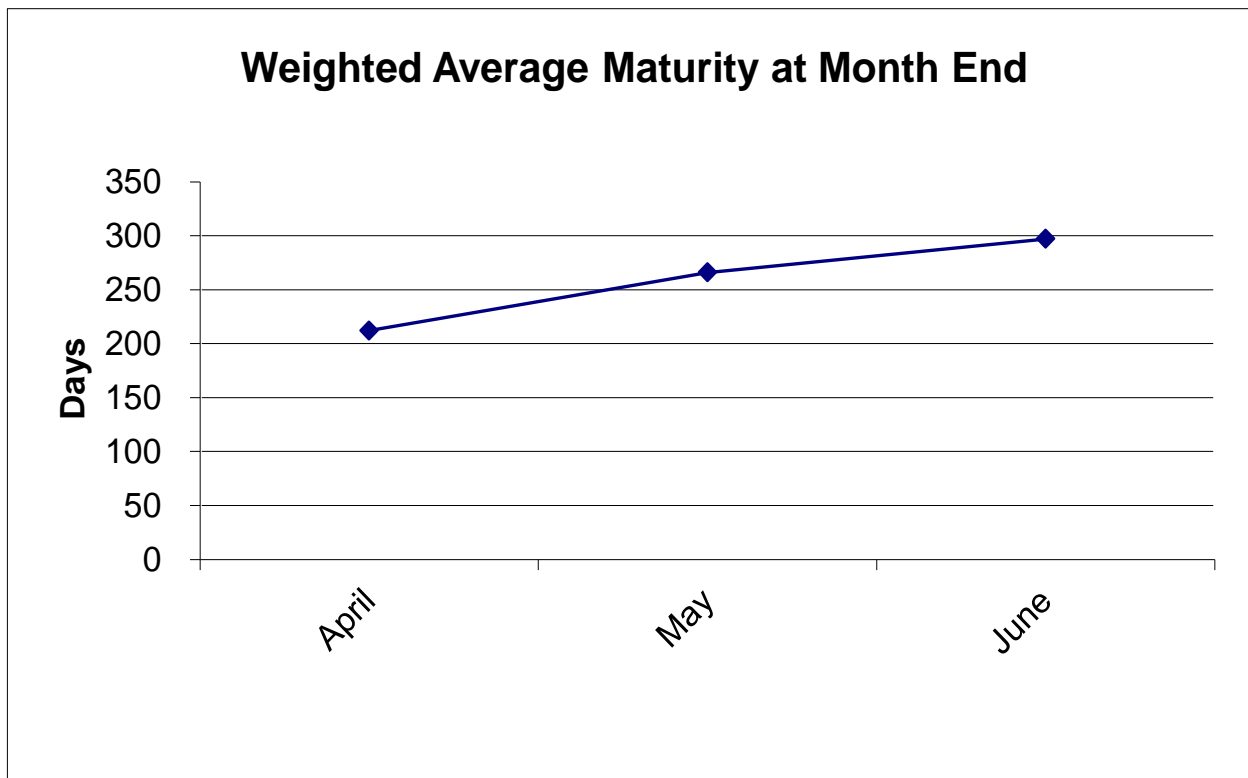
The chart below shows how the Council's investment portfolio has changed in terms of the credit ratings of investment counter parties over the first three months of 2015/16.



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 14

Agenda item:

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: Director of Finance & Information Service

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
Director of Finance & Information Service

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 137**

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%	L	
34,700	34,700	0	0.0%	L	
14,400	14,400	0	0.0%	L	
282,300	282,300	0	0.0%	M	
(24,300)	(24,300)	0	0.0%	L	
252,600	252,600	0	0.0%	M	
17,400	17,400	0	0.0%	L	
3,317,300	3,317,300	0	0.0%	H	
4,415,600	4,690,600	275,000	6.2%	H	
139,100	139,100	0	0.0%	L	
335,200	335,200	0	0.0%	L	
3,023,500	3,023,500	0	0.0%	L	
63,900	63,900	0	0.0%	L	
(3,000)	(3,000)	0	0.0%	L	
87,800	87,800	0	0.0%	M	
0	0	0	-	M	
264,200	240,800	(23,400)	(8.9%)	M	
164,600	99,400	(65,200)	(39.6%)	L	
0	0	0	-	L	
121,200	121,200	0	0.0%	L	
237,700	237,700	0	0.0%	L	
62,800	62,800	0	0.0%	M	
0	0	0	-	L	
723,500	723,500	0	0.0%	L	
145,500	145,500	0	0.0%	H	
235,000	235,000	0	0.0%	H	
185,200	185,200	0	0.0%	L	
189,900	189,900	0	0.0%	L	
0	0	0	-	L	
184,100	184,100	0	0.0%	L	
TOTAL	14,781,800	14,968,200	186,400	1.3%	

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
1	Physical Support
2	Sensory Support
3	Memory & Cognition
4	Learning Disability Support
5	Mental Health Support
6	Social Support: Substance Misuse Support
7	Asylum Seeker Support
8	Support for Carer - Direct Payments
9	Social Support: Other Support for Carer
10	Assistive Equipment & Technology
11	Social Care Activities
12	Information & Early intervention
13	Commissioning and Service Delivery
14	Supporting People - Housing
18	Sexual Health Mandatory - services
19	Sexual Health Non Mandatory - services
20	Smoking
21	Children 5-19 Programme
22	Health Checks
23	Obesity
24	Substance Misuse
25	Public Health Advice
26	Miscellaneous Public Health Services

BUDGET FORECAST 2015/16				RISK INDICATOR
Total Budget	Forecast Year End Outturn	Variance vs. Total Budget		
£	£	£	%	
12,588,500	14,449,700	1,861,200	14.8%	H
240,000	240,000	0	0.0%	L
2,185,100	2,065,800	(119,300)	(5.5%)	H
16,298,400	17,326,500	1,028,100	6.3%	H
2,014,700	2,370,400	355,700	17.7%	H
138,700	138,700	0	0.0%	L
0	0	0	0.0%	L
0	0	0	0.0%	L
0	0	0	0.0%	L
692,100	815,200	123,100	17.8%	H
3,664,700	3,653,100	(11,600)	(0.3%)	L
1,472,300	1,288,200	(184,100)	(12.5%)	H
(118,000)	(244,400)	(126,400)	107.1%	H
3,995,800	3,995,800	0	0.0%	L
3,495,900	3,504,900	9,000	0.3%	L
228,900	228,800	(100)	(0.0%)	L
730,400	702,300	(28,100)	(3.8%)	M
2,636,800	2,634,900	(1,900)	(0.1%)	L
362,800	366,000	3,200	0.9%	L
306,400	301,000	(5,400)	(1.8%)	L
4,263,800	4,226,700	(37,100)	(0.9%)	L
173,100	172,700	(400)	(0.2%)	L
(12,198,000)	(12,137,400)	60,600	(0.5%)	L
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%

TOTAL

Total Value of Remedial Action (from Analysis Below)

Forecast Outturn After Remedial Action

Forecast Transfers From 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
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	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	BUDGET FORECAST 2015/16				RISK INDICATOR
		Total Budget	Forecast Year End Outturn	Variance vs. Total Budget		
		£	£	£	%	
1	Planning Development Control	361,100	261,100	(100,000)	(27.7%)	H
2	City Centre Business Support	252,360	252,360	0	0.0%	M
3	Markets	(48,560)	(48,560)	0	0.0%	M
4	Building Regulations & Control	26,600	26,600	0	0.0%	H
5	Economic Regeneration and Service Plan	278,600	278,600	0	0.0%	H
6	Tourism	259,000	259,000	0	0.0%	M
7	Economic Development, Business and Standards	197,800	180,100	(17,700)	(8.9%)	H
8	Enterprise Centres	(296,300)	(364,300)	(68,000)	(22.9%)	H
9	PCMI	45,600	144,600	99,000	217.1%	H
10	Community Learning & Pride in Pompey	0	148,800	148,800	-	H
11	Administrative Buildings	1,412,060	1,412,060	0	0.0%	M
12	Guildhall	806,840	806,840	0	0.0%	L
13	Property Portfolio	(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%	

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 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

TOTAL	224,600	127,100	(97,500)	(43.4%)
Total Value of Remedial Action (from Analysis Below)	0			
Forecast Outturn After Remedial Action	224,600	127,100	(97,500)	(43.4%)
Forecast Transfers To Portfolio Specific Reserves	(97,500)			
Forecast Outturn After Transfers (From)/To Portfolio Specific Reserves	127,100	127,100	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
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	1,299,800 Insurance								
<hr/>									
TOTAL CASH LIMIT	1,299,800								
CHIEF OFFICER	Michael Lawther								
<table border="1" style="float: right; margin-top: 10px;"> <thead> <tr> <th colspan="2">Risk indicator</th> </tr> </thead> <tbody> <tr> <td>Low</td> <td style="background-color: #90EE90;">L</td> </tr> <tr> <td>Medium</td> <td style="background-color: #FFFF00;">M</td> </tr> <tr> <td>High</td> <td style="background-color: #FF0000;">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	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 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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