



Agenda & minutes

Full Council meeting of
Tuesday, 13 November 2018

Portsmouth City Council

A MEETING OF THE COUNCIL will be held at the Council Chamber - The Guildhall on Tuesday, 13 November 2018 at 2.00 pm and all members of the council are hereby summoned to attend to consider and resolve upon the following business:-

Agenda

- 1 **Members' Interests**
- 2 **To approve as a correct record the Minutes of** (Pages 9 - 30)
 - the ordinary meeting held on 16 October 2018.
- 3 **To receive such communications as the Lord Mayor may desire to lay before the Council, including apologies for absence.**
- 4 **Deputations from the Public under Standing Order No 24.**
- 5 **Questions from the Public under Standing Order 25.**
- 6 **Appointments**
- 7 **Urgent Business - To receive and consider any urgent and important business from Members of the Cabinet in accordance with Standing Order No 26.**
- 8 **Treasury Management Mid-Year Review 2018/19** (Pages 31 - 42)

To receive and consider the attached report by the Cabinet held on 6 November 2018 (recommendations to follow).
- 9 **Income Generation Strategy 2018/19 to 2023/24** (Pages 43 - 68)

To receive and consider the attached report by the Cabinet held on 6 November 2018 (recommendations to follow).
- 10 **Proposed changes to Constitution Part 2: Responsibility for Functions - section 5c Proper officer/Statutory Appointments** (Pages 69 - 74)

To receive and consider the attached report and recommendations by the Governance & Audit & Standards Committee held on 2 November 2018.
- 11 **Waiver of 6 month councillor attendance rule (Sec.85 Local Government Act 1972)** (Pages 75 - 78)

To consider the Chief Executive's attached report.

Notices of Motion: Process information

Standing Order (32(d)) requires a vote by members before each motion to determine whether or not the motion is to be debated at the meeting or stand referred to the Cabinet or relevant Committee (including Scrutiny) to report back to a future meeting.

12 Notices of Motion

(a) **Ofsted inspection - Children and Families Directorate**

Proposed by Councillor Ryan Brent
Seconded by Councillor Scott Payter-Harris

Portsmouth City Council's Children and Families Directorate was recently inspected by Ofsted under the new ILACS inspection framework, this took place between 3rd - 14th September 2018. It is with great pride after the publication of the report, Portsmouth City Council can say that the service that children and families receive is now overall good.

Over the last four years the previous Conservative Administration worked hard to improve standards in Children's Social Care. This followed an inspection which took place between 25th June - 16th July 2014, just 21 days after the new administration had been formed. The rating of the service was 'Requires Improvement'.

A new strategy and focus was introduced to improve the service which involved a new senior management team being appointed. The approach adopted by the previous Conservative administration involved targeting specialist help to 'families in need', as a way of supporting children remaining with their families and avoiding them being taken into the care of the Local Authority. The strategy over the last four years has led to the first overall 'Good' Ofsted rating of the service since the 2010 Children's Services Annual Assessment.

This council therefore,

1. Places on record its sincerest congratulations and appreciation to all of the hard-working officers involved within the Children and Families Directorate who achieved an overall good inspection outcome for the city
2. Recognises that the inherited Conservative strategy facilitated the 2018 inspection outcome under the current Liberal Democrat administration
3. Encourages all members to continue to embrace their responsibilities as corporate parents
4. Asks the cabinet and lead member to continue to support and prioritise the work of the Children and Families Directorate

(b) **School Cuts**

Proposed by Councillor Suzy Horton
Seconded by Councillor Leo Madden

Portsmouth City Council notes that, as a result of ongoing Government Cuts, Portsmouth schools have lost over £3.7m in overall funding between 2015 and 2020, with the schools in the most deprived areas experiencing bigger cuts.

PCC knows that this loss of money can result in increasing classroom sizes, staff losses, reductions in SEN funding and the narrowing of the curriculum.

PCC notes all the work that finance officers and Schools Forum have done to mitigate the worst impact of the transition to the National Funding Formula locally and the efforts schools make on a daily basis to protect children from the cuts.

PCC notes the £400m allocated as 'in year bonuses' to all schools in the recent Budget by the Chancellor, and whilst acknowledging that something is better than nothing, asserts that this is a distraction from the serious issue of long term underfunding of schools.

PCC resolves to:

Resist the Government's on-going cuts to school budgets and call for more funding to be invested in education

Call on the Government to fully fund the pay increase for teachers

Support all schools and organisations campaigning against cuts

Ask the city's two MPs to seek to ensure that the government provides better funding for schools

(c) **School Attendance**

Proposed by Councillor Suzy Horton
Seconded by Councillor Ben Dowling

Portsmouth City Council believes that educational outcomes for children are better when they attend school regularly, so that they can benefit from all the opportunities both in terms of gaining qualifications and wider social and emotional development.

The council notes that, whilst attendance has increased in the last few years, Portsmouth absence rates are still below average with 1 in 5 children missing at least a week's school through unauthorised absence last year.

The newly launched Portsmouth City Council two year attendance campaign, 'Miss School, Miss Out' (#missschoolmissout) aims to reduce the number of absences in Portsmouth schools by focusing

on aspirational and hard hitting messages of the importance of school attendance.

The aspirational 'What could you become?', together with the "Your life depends on it", themes, highlight to children and parents the seriousness of non-attendance on future opportunities.

PCC resolves to ask the Cabinet to support the campaign by:

engaging with schools and local communities in challenging absenteeism to encourage city-wide consistency with the campaign

Using social media, working alongside Headteachers and other staff in every ward in the city to roll out and enhance the campaign

Promoting Portsmouth as a city where school attendance and quality of education is a top priority and source of pride.

(d) **Town Centres**

Proposed by Councillor Luke Stubbs
Seconded by Councillor Donna Jones

Council notes the ongoing nationwide shift in spending power away from High Streets and towards online and out-of-town shopping. It notes that town and city centres across the country have contracted in recent years and that regrettably Portsmouth is no exception.

Council therefore welcomes the Chancellor's announcement of a reduction by a third in business rates for retail premises, restaurants and pubs with a rateable value below £51,000. It also welcomes the government's new Future High Streets Fund, which will make £675m available of investment money to support High Streets across England.

While the Ministry of Housing, Communities and Local Government has not yet published details of how the fund will work, Council calls on the Cabinet to draw up a bid or bids once the criteria become clear.

(e) **Personal Independence Payment and Employment and Support Allowance**

Proposed by Councillor Matthew Winnington
Seconded by Councillor Claire Udy

This council expresses severe concern at the effect on local residents being turned down for Personal Independence Payment and Employment and Support Allowance as a result of decisions made on the back of medical assessments.

This is putting many Portsmouth people in serious financial difficulty and having a really detrimental impact on people's mental and

physical health.

Of most concern is that if people do get turned down for Personal Independence Payment or Employment and Support Allowance that should they go through the appeal process then 53% of Employment and Support Allowance claimants are successful with their appeals in Portsmouth and 75% of Personal Independence Payment claimants. This adds up to a staggering cost of between £249,100 and £274,750 in administration monetary cost alone for the Mandatory Reconsideration and Appeal processes on top of the confusion, anxiety and damage to daily life the delay in getting the benefit they are entitled to.

With Universal Credit rolling out these consequences of these dreadful decisions by the Department for Work and Pensions will only get worse with the money available less for the majority of disabled Universal Credit claimants compared to Employment and Support Allowance.

This council therefore asks Cabinet to commit to call on the Department for Works and Pensions to immediately completely review its decision making process so that correct decisions are made straight away for Portsmouth people rather than people only getting paid after a lengthy and costly appeal process. This will be done by a letter and ongoing lobbying from any members of this council who wish to sign it to the Secretary of State for Work and Pensions.

13 Questions from Members under Standing Order No 17. (Pages 79 - 84)

David Williams
Chief Executive

Members of the public are permitted to use both audio visual recording devices and social media during this meeting, on the understanding that it neither disrupts the meeting nor 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.

Whilst every effort will be made to webcast this meeting, should technical or other difficulties occur, the meeting will continue without being webcast via the Council's website.

This meeting is webcast (videoed), viewable via the Council's livestream account at <https://livestream.com/accounts/14063785>

If any member of the public wishing to attend the meeting has access requirements, please notify the contact the Local Democracy Manager at Stewart.Aglan@portsmouthcc.gov.uk

Guildhall Square
PORTSMOUTH
5 November 2018

Agenda Item 2

16 October 2018

1

MINUTES OF A MEETING OF THE COUNCIL held at the Guildhall
Portsmouth on Tuesday, 16 October 2018 at 2.00 pm

Council Members Present

The Right Worshipful The Lord Mayor
Councillor Lee Mason (in the Chair)

Councillors

Dave Ashmore	Hugh Mason
Jennie Brent	Gemma New
Ryan Brent	Robert New
Tom Coles	Steve Pitt
Yahiya Chowdhury	Will Purvis
Ben Dowling	Darren Sanders
Jason Fazackarley	Jeanette Smith
George Fielding	Lynne Stagg
John Ferrett	Judith Smyth
David Fuller	Luke Stubbs
Scott Payter-Harris	Ben Swann
Hannah Hockaday	David Tompkins
Jo Hooper	Claire Udy
Suzy Horton	Gerald Vernon-Jackson CBE
Frank Jonas BEM	Steve Wemyss
Donna Jones	Matthew Winnington
Ian Lyon	Neill Young
Leo Madden	Rob Wood

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

Councillor Tom Coles declared a non-pecuniary interest in agenda item 6 in that his wife, Mrs Nicola Coles, is the lead petitioner.

Councillor Darren Sanders declared a non-pecuniary interest in question No 3 as his mother lives in one of the affected housing blocks.

58. Minutes of the Council Meeting held on 10 July 2018

It was

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

That the minutes of the Council meeting held on 10 July 2018 be confirmed and signed as a correct record.

RESOLVED that the minutes of the Council meeting held on 10 July 2018 be confirmed and signed as a correct record.

59. Communications and apologies for absence

Apologies for absence were received on behalf of Councillor Ken Ellcome, Councillor Simon Boshier, Councillor James Fleming and Councillor Stephen Morgan. [

Councillor Udy and Councillor Hockaday sent apologies as they would be arriving to the meeting late.

The Leader of the Council, Councillor Gerald Vernon-Jackson announced that the Ofsted inspection of Children's Social Care had recently taken place and had improved to "Good" on all levels. He wished to place on record thanks to all in Social Care and recognise all the hard work that had taken place in raising the standard.

The Lord Mayor welcomed the delegation from Zhanjiang.

The Lord Mayor gave detailed information concerning filming in the chamber and reiterated the Council's rules which strictly prohibit the filming, photographing or recording of members of the public unless they are addressing the meeting and only then if they do not actively object. Filming from gallery to gallery is also prohibited. The Lord Mayor advised that in order to assist online viewers a webcast camera will take an overview of members in the chamber when any voting takes place.

The Lord Mayor then gave details of the evacuation procedure and reminded everyone that there are building evacuation signs displayed both inside the public galleries and in the chamber itself.

The Lord Mayor drew members' attention to the revised seating plan which had been previously circulated to members.

60. Deputations from the Public under Standing Order No 24 for all items excluding those in respect of item 6, which are dealt with separately on the agenda

The City Solicitor advised that four deputations had been received for this meeting excluding the petition item. The first deputation was made by Mr Chris Attwell on agenda item 12(d) - Bus Route Changes.

Honorary Alderman Attrill made a deputation on agenda item 12(e) - Universal Credit.

Mr Angus Geddes and Mr Simon Magorian each made a deputation on agenda item 12(f) - International Holocaust Remembrance Alliance Guidelines on antisemitism.

The City Solicitor thanked those who had made deputations.

It was

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

To move Standing Order 40(c) to vary the order of the agenda to consider notice of motion (a) immediately after the deputations. This was agreed but has been kept in its original place in the minutes for ease of reference.

61. Questions from the Public under Standing Order 25

There were no questions from members of the public.

62. Petition - Bring back public toilets at Kingston Rec

The Lead Petitioner, Mrs Nicola Coles, presented the Petition as set out on the agenda.

The City Solicitor thanked Mrs Coles for her presentation.

It was

Proposed by Councillor Dave Ashmore
Seconded by Councillor Gerald Vernon-Jackson

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

Council adjourned at 3.05 pm. Council resumed at 3.15 pm.

It was

Proposed by Councillor Donna Jones
Seconded by Councillor Luke Stubbs

That a slight alteration to the petition response be made to delete original paragraph 6.

Councillor Ashmore agreed the alteration to the administration's response.

Following debate upon being put to the vote the administration's revised petition response was CARRIED.

RESOLVED that the Administration's revised response to the petition as set out below, be agreed.

"We would like to start by saying what a fantastic job Fratton Big Local have done with their improvements to Kingston Rec.

The new play equipment has transformed the space and made it so much better for families. My 2 kids absolutely love it.

We know how annoying it is for the people using Kingston Rec, that their children can get 'caught short' and need the loo and the lack of toilets currently available in the immediate vicinity is a real issue.

When Fratton Big Local began work on the project, myself, Councillor David Fuller and former Councillor Julie Bird were told that there was a discussion taking place within the previous administration to restore a toilet provision in the cemetery across the road. We decided that we would wait to see if this developed.

I had a discussion with Fratton Big Local, who didn't want an argument between politicians of all sides about where toilets would be provided to distract from the positive work being undertaken to improve the Rec.

We then began to investigate a way to be able to provide toilets in the Rec, rather than the cemetery, as I think they are better sited there.

The other issue which needed to be addressed, was around what type of new toilets would be suitable, given the history of anti-social behaviour in the old toilet block that previously existed on the site and was a major cause of concern for local residents.

We are particularly keen to explore the possibility of a combined retail kiosk / toilet unit, as the kiosk operator could then oversee the toilets and reduce the need for the council to have to find additional revenue funding to service them.

This model has been used elsewhere, including an innovative design in Porirua in New Zealand but there are more straightforward options available from UK based suppliers.

We are expecting a final set of costings back within the next 2 weeks and are happy to update members once we have identified an appropriate design and location which provides easy access to electricity and water services.

Thank you to Mrs Coles for bringing the community petition to the Council, as she may be aware, I have actually signed it myself and I look forward to updating the local community on the progress very soon. "

63. Appointments

These were dealt with under item 11 - Review of the Political Balance on Committees and Panels.

64. Urgent Business

There was no urgent business.

65. Recommendation from Cabinet from its meeting held on 9 October 2018

Minute 41 - Annual Youth Justice Strategic Plan

This was approved unopposed.

Minute 42 - Safer Portsmouth Partnership Plan 2018-20

This was approved unopposed.

66. Review of the political balance on Committees and Panels

It was

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

To adopt the proposal that had been circulated in the meeting.

Upon being put to the vote, this was CARRIED.

RESOLVED to adopt the proposal as set out below:-

"1. To adopt the overall political balance and allocation of seats as set out in the chief executive's report, and agree the following changes -

2. That the two additional Liberal Democrats seats be filled as follows -

- Scrutiny Management Panel - Councillor Jennie Brent to replace Councillor Ferrett**
- Employment Committee - Councillor Hugh Mason (filling current vacancy)**

3. That the reduction of three Conservative Seats be achieved as follows -

Councillor Robert New to come off the Licensing Committee

By not filling the two vacant seats on the Employment Committee and the Heath Overview and Scrutiny Panel respectively

4. That the vacant Conservative seat on the planning Committee be filled by Councillor Hooper (currently a standing deputy) with Councillor Robert New becoming the replacement Standing Deputy

5. That the vacant Conservative Seat on the Scrutiny Management Panel be filled by Councillor Payter-Harris

6. The five seats allocated to the three non-aligned Independent Members be assigned as follows

- a. Councillor Udy on the Licensing Committee**
- b. Councillor Udy remain on the Planning Committee**

- c. **Councillor Fleming on the Health Overview and Scrutiny Panel**
- d. **Councillor Udy remain on the Housing and Social Care Scrutiny Panel**
- e. **Councillor Ferrett remain on the Governance and Audit and Standards Committee**

7. Unrelated changes

Councillor Jennie Brent to replace Councillor Hugh Mason on the Health Overview and Scrutiny Panel

Councillor Madden to replace Councillor Purvis on the Governance and Audit and Standards Committee

Councillor Gemma New (current standing deputy) to replace Councillor Ellcome on the Planning Committee, with Councillor Tompkins becoming the replacement Standing Deputy.

Councillor Young to replace Councillor Ellcome on the Governance and Audit and Standards Committee

Councillor Hooper to replace Councillor Ellcome on the Traffic, Environment and Community Safety Scrutiny Panel

The following Chair and Vice Chair positions be assigned as follows -

Councillor Jennie Brent to replace Councillor Madden as Chair of the Health Overview and Scrutiny Panel

Councillor Madden to replace Councillor Purvis as Chair of the Governance and Audit and Standards Committee."

67. Notices of Motion

The Lord Mayor advised that there were eight notices of motion before Council today.

(a) Friendship agreement between Portsmouth and Zhanjiang

It was

Proposed by Councillor David Fuller
Seconded by Councillor Lee Mason

That this matter be debated today.

Upon being put to the vote this was CARRIED.

It was

Proposed by Councillor David Fuller
Seconded by Councillor Lee Mason

That Notice of Motion (a) as set out on the agenda be adopted.

Following debate, upon being put to the vote, this was CARRIED unanimously.

RESOLVED that the following notice of motion be adopted.

"The cities of Portsmouth and Zhanjiang have since the first signing enjoyed cultural links through the Portsmouth Chinese Association and educational links through the University.

The Council hereby authorise the Lord Mayor to sign a continuation of a "Memorandum of Understanding" of friendship between our two cities."

Council adjourned for a short break.

(b) Portsmouth Naval base

It was

Proposed by Councillor Gerald Vernon-Jackson
Seconded by Councillor Dave Ashmore

That this matter be debated today.

Upon being put to the vote this was CARRIED.

It was

Proposed by Councillor Gerald Vernon-Jackson
Seconded by Councillor Dave Ashmore

That Notice of Motion (b) as set out on the agenda be adopted.

As an amendment it was

Proposed by Councillor Tom Coles
Seconded by Councillor Yahiya Chowdhury

"On last paragraph, within first sentence, remove 'wish to have effective carrier groups' and replace with 'requirement to have an effective fleet'

On last paragraph, within second sentence, remove 'all of' replace with 'the maintenance facilities for'

On last paragraph, within last sentence, remove 'base all of the new frigates' replace with 'base the maintenance facilities for the new frigates and strongly consider basing any future frigate class'

Final paragraph should now read (changes in bold):

The city council supports the Royal Navy in their **requirement to have an effective fleet**. The City Council therefore calls for the Government to base **the maintenance facilities** for the new Type 26 frigates here in Portsmouth. We therefore ask the Leaders of all the political groups to collectively write to the Secretary of State for Defence and the Shadow Secretary of State for Defence to say the logical decision would be to **base the maintenance facilities for the new frigates and strongly consider basing any future frigate class** here in Portsmouth, the home of the Royal Navy."

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

Upon being put to the vote, the original Notice of Motion (b) was CARRIED.

RESOLVED that the following notice of motion be adopted.

"In 2008 the people of the City, all parties at the city council, the university, trade unions and councils and businesses across the Solent area united in the campaign to keep the Naval base in Portsmouth.

We also united to campaign for the new carriers to be based in Portsmouth. We succeeded in both these campaigns.

The Royal Navy currently has thirteen frigates. The Government has ordered eight Type 26 Frigates as replacement. These were designed in Portsmouth. These frigates have a crucial role in the battle groups that sail with and protect the new carriers. It is hoped the Government will order five Type 31 frigates.

The city council supports the Royal Navy in their wish to have effective carrier groups. The City Council therefore calls for the Government to base all of the new Type 26 frigates here in Portsmouth. We therefore ask the Leaders of all the political groups to collectively write to the Secretary of State for Defence and the Shadow Secretary of State for Defence to say the logical decision would be to base all the new frigates here in Portsmouth, the home of the Royal Navy."

(c)Care leavers council tax exemption

As the proposer of the Motion was not in the Chamber, the Motion could not be put in compliance with Standing Orders.

Councillor Vernon-Jackson gave an undertaking to take this item to a Cabinet Meeting for consideration.

(d) Bus route changes

It was

Proposed by Councillor Luke Stubbs
Seconded by Councillor Robert New

That this matter be debated today.

Upon being put to the vote this was CARRIED.

It was

Proposed by Councillor Luke Stubbs
Seconded by Councillor Robert New

That Notice of Motion (d) as set out on the agenda be adopted.

As an amendment it was

Proposed by Councillor Darren Sanders
Seconded by Councillor Jeanette Smith

"In par 1, line 3-4, replace "the withdrawal of the 4pm bus on the number 15" with "the loss of the Sunday 13/14 bus service, which deprives much of Baffins, Milton and Fratton of Sunday buses"

As a further amendment it was

Proposed by Councillor Leo Madden
Seconded by Councillor Jason Fazackarley

"para 1 line 4 delete "and" insert a comma

para 1 line 5 , insert " and Council also recognises and opposes the withdrawal of the no 17 bus with effect from 3 September and the detrimental effect that this has on residents in Tipner and Stamshaw, leading to a well-attended public meeting and a subsequent petition by hundreds of residents to have the service re-instated".

The mover of the original motion agreed to subsume both amendments into it.

Following debate, upon being put to the vote, the substantive Notice of Motion (d) incorporating the amendments was CARRIED.

RESOLVED that the following substantive notice of motion be adopted.

"First Bus recently made changes to their network, resulting in a reduction in service on several routes. Residents are concerned at, amongst other changes, the loss of the Sunday 13/14 bus service, which deprives much of Baffins, Milton and Fratton of Sunday buses, the loss of the link between Southsea and Old Portsmouth via the number 1 and Council also recognises and opposes the withdrawal of the no 17 bus with effect from 3 September and the detrimental effect that this has on

residents in Tipner and Stamshaw, leading to a well-attended public meeting and a subsequent petition by hundreds of residents to have the service re-instated.

Council recognises that decisions over bus services are taken by bus companies acting in their own commercial interest. However, the City Council has a duty to speak for residents. It therefore invites members to share their concerns with the Cabinet Member for Traffic and Transportation and it calls on her to then liaise with First Bus to attempt to address some of the issues identified."

Council adjourned at 5.05 pm. Council resumed at 5.35 pm.

(e)Universal credit

It was

Proposed by Councillor Judith Smyth
Seconded by Councillor Tom Coles

That this be debated today.

Upon being put to the vote this was CARRIED.

It was

Proposed by Councillor Judith Smyth
Seconded by Councillor Tom Coles

That Notice of Motion (e) as set out on the agenda be adopted.

As an amendment it was

Proposed by Councillor Jeanette Smith
Seconded by Councillor Darren Sanders

In paragraph 5, line 3, replace "I" with "Council"

In paragraph 6, line 1, replace "I am" with "Council is"

Insert new paragraph 7:

"Council recognises that, regardless of its opinions of the merits of the policy, it has a duty to work with its partners, especially the Department of Work and Pensions, to implement the scheme as fairly as possible. Council congratulates all officers involved in doing that for their work so far.

Council in particular recognises that some disadvantaged individuals and families may find Universal Credit so difficult they may lose tenancies, go hungry and suffer from further stress.

Council welcomes the fact that additional support and advice is in place to deal with that, including:

- extra, funded posts at You Trust and PDF
- placing council debt advisors within the reception at the Civic Offices
- Training people in the housing benefits and housing services to support and advise customers moving onto Universal Credit, and
- Supporting landlords and agencies working with children and across the voluntary and community sectors"

Delete what is now paragraph 8 and replace with:

"Council asks Cabinet to build on this excellent work by:-

1. Maintaining and monitoring existing support services for claimants, especially those in their first year of UC
2. Continuing to learn from other authorities and agencies about the best way to support the most isolated and vulnerable individuals and families, something that has already been happening
3. Conducting and publishing a study of the effects of the introduction of UC on claimants by collecting information from individuals, families and all agencies supporting claimants so that we can press for change to the system if it continues to fail the most disadvantaged and ensure that future support for claimants is adequate
4. Continuing to ensure that, as far as is legally possible, people in the housing benefits service will consider and support customers applying for discretionary housing payments, recognising that this is a short-term measure
5. Arranging an all-member briefing on UC, continuing to monitor the situation through regular updates to its meetings and input from councillors and MPs and agreeing appropriate actions."

As a further amendment it was

Proposed by Councillor Donna Jones
Seconded by Councillor Luke Stubbs

Remove the words "uncaring Tory" in the second paragraph so it reads,

"Universal Credit might look sensible on paper but the government seems to have designed it to save money and serve bureaucracy rather than to meet the needs of the most disadvantaged households."

The proposer of the original Motion agreed to subsume both amendments into it.

Following debate, upon being put to the vote, the substantive Notice of Motion (e) incorporating the amendments was CARRIED.

RESOLVED that the following substantive notice of motion be adopted.

"Universal credit is now the only way that new claimants in Portsmouth can apply for and claim the benefits to which they are entitled. Existing claimants will be transferred to the new system later on.

Universal Credit might look sensible on paper but the government seems to have designed it to save money and serve bureaucracy rather than to meet the needs of the most disadvantaged households.

Research done by the child poverty action group and others shows, for example, that it has not been designed for the many claimants who are not able to apply on line. It penalises claimants who cannot then provide online updates as things change. Benefits will then be suspended. Families and individuals who are in irregular work, are self-employed, live with mental ill health or mental or physical disabilities are particularly disadvantaged by UC. If abusive men make and receive family claims women and children may be further disadvantaged.

Since UC was first introduced the length of time claimants have to wait for first payments has been slightly reduced and advance payments can more easily be made. However these will need to be repaid out of future entitlement and already families and individuals have experienced great hardships. Evidenced by huge increase in use of food banks. Demand for mental health services and additional avoidable and unforeseen deaths.

There is some great work being done by both voluntary and statutory agencies in the city to support claimants and reduce the worst effects of UC. Council would like to thank all those who are providing this support across the city. Many, including public landlords are doing this out of their own resources because they are concerned about rising rent arrears and evictions leading to homelessness. Others are using short term funding available for such support. This is not sustainable longer term.

Overall Council is worried about the effect on people with disabilities and on the 25,000 children and young people already living in poverty in Portsmouth particularly those that are isolated and lonely because for many of these UC will make their lives and opportunities even worse.

Council recognises that, regardless of its opinions of the merits of the policy, it has a duty to work with its partners, especially the Department of Work and Pensions, to implement the scheme as fairly as possible. Council congratulates all officers involved in doing that for their work so far.

Council in particular recognises that some disadvantaged individuals and families may find Universal Credit so difficult they may lose tenancies, go hungry and suffer from further stress.

Council welcomes the fact that additional support and advice is in place to deal with that, including:

- extra, funded posts at You Trust and PDF
- placing council debt advisors within the reception at the Civic Offices
- Training people in the housing benefits and housing services to support and advise customers moving onto Universal Credit, and
- Supporting landlords and agencies working with children and across the voluntary and community sectors

Council asks Cabinet to build on this excellent work by:-

1. **Maintaining and monitoring existing support services for claimants, especially those in their first year of UC**
2. **Continuing to learn from other authorities and agencies about the best way to support the most isolated and vulnerable individuals and families, something that has already been happening**
3. **Conducting and publishing a study of the effects of the introduction of UC on claimants by collecting information from individuals, families and all agencies supporting claimants so that we can press for change to the system if it continues to fail the most disadvantaged and ensure that future support for claimants is adequate**
4. **Continuing to ensure that, as far as is legally possible, people in the housing benefits service will consider and support customers applying for discretionary housing payments, recognising that this is a short-term measure**
5. **Arranging an all-member briefing on UC, continuing to monitor the situation through regular updates to its meetings and input from councillors and MPs and agreeing appropriate actions."**

(f) International Holocaust Remembrance Alliance Guidelines on antisemitism

It was

Proposed by Councillor John Ferrett
Seconded by Councillor Scott Payter-Harris

That this matter be debated today.

Upon being put to the vote this was CARRIED.

It was

Proposed by Councillor John Ferrett
Seconded by Councillor Scott Payter-Harris

That Notice of Motion (f) as set out on the agenda be adopted.

As an amendment it was

Proposed by Councillor Hugh Mason

Seconded by Councillor Will Purvis

"This Council has always had a close and supportive relationship with the Jewish community in our city. Therefore, this council expresses alarm at the rise in antisemitism in recent years across the UK. This includes incidents when criticism of Israel has been expressed using anti-Semitic tropes. Criticism of Israel can be legitimate, but not if it employs the tropes and imagery of antisemitism.

This council fully supports the UK Government's announcement on December 11th 2016 that it will sign up to the internationally recognised International Holocaust Remembrance Alliance (IHRA) guidelines on antisemitism which define antisemitism thus:

"Antisemitism is a certain perception of Jews, which may be expressed as hatred toward Jews. Rhetorical and physical manifestations of antisemitism are directed toward Jewish or non-Jewish individuals and/or their property, toward Jewish community institutions and religious facilities." The guidelines highlight manifestations of antisemitism as including:

To guide IHRA in its work, the following examples may serve as illustrations: Manifestations might include the targeting of the state of Israel, conceived as a Jewish collectively. However, criticism of Israel similar to that levelled against any other country cannot be regarded as anti-Semitic. Antisemitism frequently charges Jews with conspiring to harm humanity, and it is often used to blame Jews for "why things go wrong." It is expressed in speech, writing, visual forms and action, and employs sinister stereotypes and negative character traits.

Contemporary examples of antisemitism in public life, the media, schools, the workplace, and in the religious sphere could, taking into account the overall context, include, but are not limited to:

- Calling for, aiding, or justifying the killing or harming of Jews in the name of a radical ideology or an extremist view of religion.
- Making mendacious, dehumanizing, demonizing, or stereotypical allegations about Jews as such or the power of Jews as collective — such as, especially but not exclusively, the myth about a world Jewish conspiracy or of Jews controlling the media, economy, government or other societal institutions.
- Accusing Jews as a people of being responsible for real or imagined wrongdoing committed by a single Jewish person or group, or even for acts committed by non-Jews.
- Denying the fact, scope, mechanisms (e.g. gas chambers) or intentionality of the genocide of the Jewish people at the hands of National Socialist Germany and its supporters and accomplices during World War II (the Holocaust).
- Accusing the Jews as a people, or Israel as a state, of inventing or exaggerating the Holocaust.
- Accusing Jewish citizens of being more loyal to Israel, or to the alleged priorities of Jews worldwide, than to the interests of their own nations.

- Denying the Jewish people their right to self-determination, e.g., by claiming that the existence of a State of Israel is a racist endeavour.
- Applying double standards by requiring of it behaviour not expected or demanded of any other democratic nation.
- Using the symbols and images associated with classic antisemitism (e.g., claims of Jews killing Jesus or blood libel) to characterize Israel or Israelis.
- Drawing comparisons of contemporary Israeli policy to that of the Nazis.
- Holding Jews collectively responsible for actions of the state of Israel.

Anti-Semitic acts are criminal when they are so defined by law (for example, denial of the Holocaust or distribution of anti-Semitic materials in some countries).

Criminal acts are Anti-Semitic when the targets of attacks, whether they are people or property – such as buildings, schools, places of worship and cemeteries – are selected because they are, or are perceived to be, Jewish or linked to Jews.

Anti-Semitic discrimination is the denial to Jews of opportunities or services available to others and is illegal in many countries.

This Council welcomes the cross-party support within the Council for combating antisemitism in all its manifestations. Moreover, this council condemns anyone who seeks to amend the IHRA definition.

This Council hereby asks Cabinet to adopt the above definition of antisemitism as set out by the International Holocaust Remembrance Alliance and pledges to combat this pernicious form of racism. Council asks the cabinet to incorporate this within its procedures for equality impact assessment and asks the Employment committee and Governance & Audit and Standards Committee to include within the codes of conduct for councillors and officers."

The proposer of the original motion agreed to subsume the amendment into it.

Following debate, upon being put to the vote, the substantive Notice of Motion (f) incorporating the amendment was CARRIED.

RESOLVED that the following notice of motion be adopted.

"This Council has always had a close and supportive relationship with the Jewish community in our city. Therefore, this council expresses alarm at the rise in antisemitism in recent years across the UK. This includes incidents when criticism of Israel has been expressed using anti-Semitic tropes. Criticism of Israel can be legitimate, but not if it employs the tropes and imagery of antisemitism.

This council fully supports the UK Government's announcement on December 11th 2016 that it will sign up to the internationally recognised

International Holocaust Remembrance Alliance (IHRA) guidelines on antisemitism which define antisemitism thus:

“Antisemitism is a certain perception of Jews, which may be expressed as hatred toward Jews. Rhetorical and physical manifestations of antisemitism are directed toward Jewish or non-Jewish individuals and/or their property, toward Jewish community institutions and religious facilities.” The guidelines highlight manifestations of antisemitism as including:

To guide IHRA in its work, the following examples may serve as illustrations: Manifestations might include the targeting of the state of Israel, conceived as a Jewish collectively. However, criticism of Israel similar to that levelled against any other country cannot be regarded as anti-Semitic. Antisemitism frequently charges Jews with conspiring to harm humanity, and it is often used to blame Jews for “why things go wrong.” It is expressed in speech, writing, visual forms and action, and employs sinister stereotypes and negative character traits.

Contemporary examples of antisemitism in public life, the media, schools, the workplace, and in the religious sphere could, taking into account the overall context, include, but are not limited to:

- **Calling for, aiding, or justifying the killing or harming of Jews in the name of a radical ideology or an extremist view of religion.**
- **Making mendacious, dehumanizing, demonizing, or stereotypical allegations about Jews as such or the power of Jews as collective — such as, especially but not exclusively, the myth about a world Jewish conspiracy or of Jews controlling the media, economy, government or other societal institutions.**
- **Accusing Jews as a people of being responsible for real or imagined wrongdoing committed by a single Jewish person or group, or even for acts committed by non-Jews.**
- **Denying the fact, scope, mechanisms (e.g. gas chambers) or intentionality of the genocide of the Jewish people at the hands of National Socialist Germany and its supporters and accomplices during World War II (the Holocaust).**
- **Accusing the Jews as a people, or Israel as a state, of inventing or exaggerating the Holocaust.**
- **Accusing Jewish citizens of being more loyal to Israel, or to the alleged priorities of Jews worldwide, than to the interests of their own nations.**
- **Denying the Jewish people their right to self-determination, e.g., by claiming that the existence of a State of Israel is a racist endeavour.**
- **Applying double standards by requiring of it behaviour not expected or demanded of any other democratic nation.**
- **Using the symbols and images associated with classic antisemitism (e.g., claims of Jews killing Jesus or blood libel) to characterize Israel or Israelis.**

- **Drawing comparisons of contemporary Israeli policy to that of the Nazis.**
- **Holding Jews collectively responsible for actions of the state of Israel.**

Anti-Semitic acts are criminal when they are so defined by law (for example, denial of the Holocaust or distribution of anti-Semitic materials in some countries).

Criminal acts are Anti-Semitic when the targets of attacks, whether they are people or property – such as buildings, schools, places of worship and cemeteries – are selected because they are, or are perceived to be, Jewish or linked to Jews.

Anti-Semitic discrimination is the denial to Jews of opportunities or services available to others and is illegal in many countries.

This Council welcomes the cross-party support within the Council for combating antisemitism in all its manifestations. Moreover, this council condemns anyone who seeks to amend the IHRA definition.

This Council hereby asks Cabinet to adopt the above definition of antisemitism as set out by the International Holocaust Remembrance Alliance and pledges to combat this pernicious form of racism. Council asks the cabinet to incorporate this within its procedures for equality impact assessment and asks the Employment committee and Governance & Audit and Standards Committee to include within the codes of conduct for councillors and officers."

(g) Victory Energy Services Ltd

It was

Proposed by Councillor Ian Lyon
Seconded by Councillor Judith Smyth

That this matter be debated today.

Upon being put to the vote this was CARRIED.

It was

Proposed by Councillor Ian Lyon
Seconded by Councillor Judith Smyth

That Notice of Motion (g) as set out on the agenda be adopted.

Following debate a recorded vote was requested by eight members standing.

The following members voted in favour of adopting the notice of motion.

Ryan Brent
Yahiya Chowdhury
Tom Coles
John Ferrett
George Fielding
Hannah Hockaday
Jo Hooper
Frank Jonas
Donna Jones
Ian Lyon

Lee Mason
Gemma New
Robert New
Scott Payter-Harris
Judith Smyth
Luke Stubbs
Ben Swann
David Tompkins
Neill Young

No members voted against.

The following members abstained.

Dave Ashmore
Jennie Brent
Ben Dowling
Jason Fazackarley
David Fuller
Suzy Horton
Leo Madden
Hugh Mason
Steve Pitt

Will Purvis
Darren Sanders
Jeanette Smith
Lynne Stagg
Claire Udy
Gerald Vernon-Jackson
Matthew Winnington
Rob Wood

This was CARRIED.

RESOLVED that the following notice of motion be adopted

"The Council regrets the recent decision of the Cabinet to withdraw its support from Victory Energy Services Ltd (VESL).

While the business should generate a surplus, and it has been demonstrated that this would be more than likely over time, the Council considers that the benefits to Portsmouth that ownership of our own energy company could bring, have been substantially overlooked.

As a revenue-raising venture, VESL has the potential to sustain vital frontline services that would otherwise be jeopardised by future spending constraints on the Council. In addition, the Council's substantial housing stock would benefit from the synergy of the supply of energy services with those currently provided by the Council.

With its commitment to purchase energy from renewable sources, Portsmouth, through VESL, can set an example for other Councils seeking to go green.

In addition, the Council's ownership of VESL should alleviate the blight of fuel poverty and accrued debts from other suppliers for Portsmouth's more vulnerable residents who, otherwise, will continue to rely on companies that have no interest beyond the purely commercial in our city.

The Council calls upon the Cabinet, when the business case comes back to it later this year, to take into account members' support for the project; to review it in good faith; and carefully to consider reversing its original decision."

(h) Making the next census count for Armed Forces community

It was

Proposed by Councillor Darren Sanders
Seconded by Councillor Jeanette Smith

That this matter be debated today.

Upon being put to the vote this was CARRIED.

It was

Proposed by Councillor Darren Sanders
Seconded by Councillor Jeanette Smith

That Notice of Motion (h) as set out on the agenda be adopted.

Following debate, upon being put to the vote, Notice of Motion (h) was CARRIED unanimously.

RESOLVED that the following notice of motion be adopted

"This council notes:

- 1. The obligations it owes to the Armed Forces community within Portsmouth City Council as enshrined in the Armed Forces Covenant; that the Armed Forces community should not face disadvantage in the provision of services and that special consideration is appropriate in some cases, especially for those who have given the most.**
- 2. There is an absence of definitive and comprehensive statistics on the size or demographics of the Armed Forces community within Portsmouth City Council. This includes serving Regular and Reserve personnel, veterans and their families.**
- 3. That the availability of such data would greatly assist the council, local partner agencies, the voluntary sector, and national Government in the planning and provision of services to address the unique needs to the Armed Forces community within Portsmouth City Council.**

In light of the above, this Council moves to support and promote The Royal British Legion's call to include a new topic in the 2021 census that

concerns military service and membership of the Armed Forces community. We further call upon UK Parliament, which will approve the final census questionnaire through legislation in 2019, to ensure that the 2021 census includes questions concerning the Armed Forces community."

68. Questions from Members under Standing Order No 17

Question 1 was from Councillor Luke Stubbs

"Is the Henderson Road pedestrian crossing, as included in the 2018/19 capital programme, still going to proceed?"

This and supplementary questions were answered by the Cabinet Member for Traffic and Transportation, Councillor Lynne Stagg.

Question 2 was not put as Councillor Stephen Morgan was not present in the Chamber. This question will receive a written response.

Question 3 was from Councillor Scott Payter-Harris

"What level of savings is the Housing Revenue Account going to have to make to accommodate the loss in revenue from Leamington and Horatia Houses? Will this form part of the HRA budget that is due in January?"

This and supplementary questions were answered by the Cabinet Member for Housing, Councillor Darren Sanders.

Question 4 was from Councillor Donna Jones

"Can the Cabinet member for PRED confirm how much of the £180m Property Investment Portfolio has been spent and what income is being generated by the portfolio?"

This and supplementary questions were answered by the Cabinet Member for PRED, Councillor Ben Dowling.

Question 5 was from Councillor Tom Coles

"What action is the Council taking to support Fratton Big Local with their continued projects to improve life for all in this community?"

This and supplementary questions were answered by the Cabinet Member for PRED, Councillor Ben Dowling.

Question 6 was from Councillor Luke Stubbs

"Are there any plans to put vinyls in the vacant M&S unit in Commercial Road? If not, why not?"

This and supplementary questions were answered by the Cabinet Member for PRED, Councillor Ben Dowling.

Question 7 was from Councillor Luke Stubbs

"When will the council budget be published?"

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

Question 8 was from Councillor Luke Stubbs

Are there any plans to resurface Craneswater Avenue?

This and supplementary questions were answered by the Cabinet Member for Traffic and Transportation, Councillor Lynne Stagg.

Question 9 was from Councillor Luke Stubbs

Does this administration support the installation of fixed position speed cameras?

This and supplementary questions were answered by the Cabinet Member for Traffic and Transportation, Councillor Lynne Stagg.

Question 10 was from Councillor Luke Stubbs

"What consideration has been given to the likely impact on the business rate tax base of the pop-ups proposed for the Drift in the City site?"

This and supplementary questions were answered by the Cabinet Member for Planning, Regeneration and Economic Development, Councillor Ben Dowling.

The meeting concluded at 8.10 pm.

.....
Lord Mayor

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Agenda Item 8

Title of meeting:	Governance and Audit and Standards Committee Cabinet City Council
Date of meeting:	Governance and Audit and Standards Committee 2 November 2018 Cabinet 6 November 2018 City Council 13 November 2018
Subject:	Treasury Management Mid-Year Review 2018/19
Report by:	Director of Finance and Information Technology (Section 151 Officer)
Wards affected:	All
Key decision:	No
Full Council decision:	Yes

1. Executive Summary

This report recommends some minor updates to the Council's policy on providing for the repayment of debt, known as its minimum revenue provision (MRP) policy, and outlines the Council's performance against the treasury management indicators approved by the Council on 20 March 2018.

2. Purpose of report

The purpose of the report is to recommend some minor updates to the Council's MRP policy following discussions with the Council's external auditors, and to inform members and the wider community of the Council's Treasury Management position at 30 September 2018.

In March 2009 the Chartered Institute of Public Finance and Accountancy (CIPFA) Treasury Management Panel issued a bulletin relating to Treasury Management in Local Authorities. The bulletin states that "in order to enshrine best practice it is suggested that authorities report formally on Treasury Management activities at least twice yearly and preferably quarterly". The report in Appendix A covers the first six months of 2018/19.

3. Recommendations

It is recommended that:

- 3.1 If the carrying (market) value of an investment property falls below the original value of unsupported borrowing incurred to acquire the investment property excluding fees and other associated costs, minimum revenue provision (MRP) will be charged over the residual life of the property on the shortfall between the current property value and the value of borrowing.
- 3.2 Minimum revenue provision (MRP) be provided on equity shares over 25 years on an annuity basis.
- 3.3 It be noted that there have been no breaches of the Treasury Management Policy 2018/19 in the period up to 30 September 2018.
- 3.4 The actual Treasury Management indicators for September 2018 in Appendix A be noted

4. Background

The Council's treasury management operations cover the following:

- Cash flow forecasting (both daily balances and longer term forecasting)
- Investing surplus funds in approved investments
- Borrowing to finance short term cash deficits and capital payments
- Management of debt (including rescheduling and ensuring an even maturity profile)
- Interest rate exposure management

The key risks associated with the Council's treasury management operations are:

1. Credit risk - ie. that the Council is not repaid, with due interest in full, on the day repayment is due
2. Liquidity risk - ie. that cash will not be available when it is needed, or that the ineffective management of liquidity creates additional, unbudgeted costs
3. Interest rate risk - that the Council fails to get good value for its cash dealings (both when borrowing and investing) and the risk that interest costs incurred are in excess of those for which the Council has budgeted
4. Maturity (or refinancing risk) - this relates to the Council's borrowing or capital financing activities, and is the risk that the Council is unable to repay or replace its maturing funding arrangements on appropriate terms
5. Procedures (or systems) risk - ie. that a treasury process, human or otherwise, will fail and planned actions are not carried out through fraud, error or corruption

The total borrowings of the Council are £623m and statutory guidance requires the Council to provide for its repayment. The Council has made a number of amendments to its MRP policy in recent years and has informed the external audit manager at the time of its intentions. The Council's external auditors have now engaged their specialist staff to undertake a review of the Council's MRP policy. As a result of previous MRP policies the Council has provided for the repayment of debt much earlier than when the actual repayments are required to be made and has as a result been reducing its MRP in order to recover this over provision over a prudent time scale. The auditors are reviewing the amount of the excess MRP made in previous years rather than the amount of MRP being made in the current year. Therefore the effect of the auditors' MRP review will be to shorten the period over which the Council makes a reduced MRP rather than to increase MRP immediately.

The Council has investments lodged with 56 institutions that amount to £414m.

The cost of the Council's borrowings and the income derived from the Council's investments are included within the Council's treasury management budget of £23m per annum. The Council's treasury management activities account for a significant proportion of the Council's overall budget. As a consequence the Council's Treasury Management Policy aims to manage risk whilst optimizing costs and returns. The Council monitors and measures its treasury management position against the indicators described in this report. Treasury management monitoring reports are brought to the Governance and Audit and Standards Committee for scrutiny.

There have been no breaches of the Treasury Management Policy up to the period ending 30 September 2018.

5. Reasons for Recommendations

Recommendation 3.1

The Council's existing policy is to provide for the repayment of debt used to finance investment properties by utilising the capital receipt generated from their sale. The market value of the Council's investment properties is expected to increase over time. However, the commercial property market is cyclical and there is a risk that the market value of an investment property could fall preventing the debt from being entirely provided for through the capital receipt realised from selling the property. In order to be prudent it is therefore recommended that if the carrying (market) value of an investment property falls below the unsupported borrowing amount, minimum revenue provision (MRP) will be charged over the residual life of the property on the shortfall of the balance. There has been no diminution in the value of the Council's investment properties that have been financed from unsupported borrowing.

Recommendation 3.2

The Council's existing policy is that no MRP is made on self - financed borrowing to fund equity shares purchased in pursuit of policy objectives unless the shares are sold in which case the capital receipt is set aside to repay the debt. The Council's equity shares are expected to hold their value unlike physical assets that depreciate.

None the less, the Council has no plans to sell its equity shares and therefore no provision is being made for the repayment of the borrowing that financed the equity investments. In order to ensure that provision is made to repay debt associated with the acquisition of equity shares, it is therefore recommended that minimum revenue provision (MRP) be provided on equity shares over 25 years on an annuity basis.

Recommendation 3.3

To highlight any variance from the approved Treasury Management Policy and to note any subsequent actions.

Recommendation 3.4

To provide assurance that the Council's treasury management activities are effectively managed.

6. 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.

7. Legal Implications

The Section 151 Officer is required by the Local Government Act 1972 and by the Accounts and Audit Regulations 2015 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.

8. Director of Finance's comments

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

.....
Signed by Director of Financial & Information Technology (Section 151 Officer)

Appendices:

Appendix A: Treasury Management Mid-Year Review 2018/19

Appendix B: LIBID Rates

**Appendix C: Composition of Cash Investments with Investment Returns
at 30 September 2018**

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 Information pertaining to treasury management strategy and performance	Financial Services
2	

TREASURY MANAGEMENT MID YEAR REVIEW OF 2018/19

A1. SUMMARY OF TREASURY MANAGEMENT INDICATORS AS AT 30 SEPTEMBER

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

	Limit	Position at 30/9/18
Authorised Limit	£660m	£623m
Operational Boundary	£645m	£623m

The maturity structure of the Council's fixed rate 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%	10%	20%	30%	30%	30%	40%
Actual	1%	1%	4%	7%	24%	11%	25%	27%

The maturity structure of the Council's variable rate 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%	10%	20%	30%	30%	30%	10%
Actual	2%	2%	7%	12%	24%	26%	27%	0%

Sums invested for periods longer than 365 days at 30 September 2018 were:

Maturing after	Limit £m	Actual £m
31/3/19	158	133
31/3/20	133	85
31/3/21	110	27

The Council's interest rate exposures at 30 September 2018 were:

	Limit £m	Actual £m
Fixed Interest - Borrowing and (Lending)	454	362
Variable Interest - Borrowing and (Lending)	(289)	(153)

A2. GOVERNANCE

The Treasury Management Policy Statement, Annual Minimum Revenue Provision for Debt Repayment Statement and Annual Investment Strategy approved by the City Council on 20 March 2018 provide the framework within which Treasury Management activities are undertaken.

In December 2017, the Chartered Institute of Public Finance and Accountancy, (CIPFA), issued revised Prudential and Treasury Management Codes. As from 2019/20, all local authorities will be required to prepare a Capital Strategy which is intended to provide the following: -

- a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services
- an overview of how the associated risk is managed
- the implications for future financial sustainability

A report setting out the Council's Capital Strategy will be taken to the Cabinet and the City Council, before 31st March 2019.

A3. COMBINED BORROWING AND INVESTMENT POSITION (NET DEBT)

On 30 September 2018 the Council had gross debt including finance leases and private finance initiative (PFI) schemes of £623m and gross investments of £414m giving rise to a net debt of £209m. The current high level of investments has arisen from the Council's earmarked reserves and borrowing in advance of need to take advantage of low borrowing rates thus securing cheap funding for the Council's capital programme. The current high level of investments does increase the Council's exposure to credit risk, ie. the risk that an approved borrower defaults on the Council's investment. In the interim period when investments are high in advance of capital expenditure being incurred, 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 difference between current borrowing and investment rates is 0.55%. Securing cheap funding for the capital programme will provide longer term savings through reduced borrowing costs.

A4. BORROWING ACTIVITY

The Council employs Link Asset Services to provide interest rate forecasts. The flow of generally positive economic statistics after the end of the quarter ended 30 June meant that it came as no surprise that the Monetary Policy Committee (MPC) came to a decision on 2 August to make the first increase in Bank Rate above 0.5% since the financial crash, to 0.75%. However, the MPC emphasised again, that future Bank Rate increases would be gradual. It is not anticipated that the MPC will increase Bank Rate in February 2019, ahead of the deadline in March for Brexit. The MPC is more likely to wait until August 2019, than May 2019, before the next increase, to be followed by further increases of 0.25% in May and November 2020 to reach 1.5%. However, the cautious pace of even these limited increases is dependent on a reasonably orderly Brexit.

The forecast overall longer run trend is for gilts and Public Works Loans Board (PWLB) certainty rates to rise, albeit gently, with 25 year rates expected to rise from their current 2.8% to 3.5% by December 2020.

The Council did not undertake any new borrowing in the first six months of 2018/19.

The Council's gross debt at 30 September 2018 of £623m is within the Council's authorised limit (the maximum amount of borrowing permitted by the Council) of £660m and the Council's operational boundary (the maximum amount of borrowing that is expected) of £645m. The Council aims to have a reasonably even maturity profile so that the Council does not have to replace a large amount of borrowing in any particular year when interest rates might be high. The maturity profile of the Council's borrowing is within the limits contained in the Council's Treasury Management Policy (see paragraph A1).

A5. INVESTMENT ACTIVITY

In accordance with the Government's statutory guidance, the Council's investment strategy is based on securing the return of capital above other considerations.

Investment rates available in the market for investments that are longer than 3 months have followed a downward trend in the first two months of 2018/19 but have since risen in anticipation of an increase in the Bank of England base rate. Short term market interest rates for the first six months of 2018/19 are shown in Appendix B.

The Council's investment portfolio has decreased by 1% in 2018/19 from £418.7m on 1 April to £414.2m as at 30 September.

The overall investment portfolio yield for the first six months of the year was 1.07%.

The Council's budgeted investment return for 2018/19 is £2,293k, and performance for the year to date is £1,174k above budget. This is due to having more cash than anticipated to invest following slippage in the capital programme and having better than anticipated investment returns.

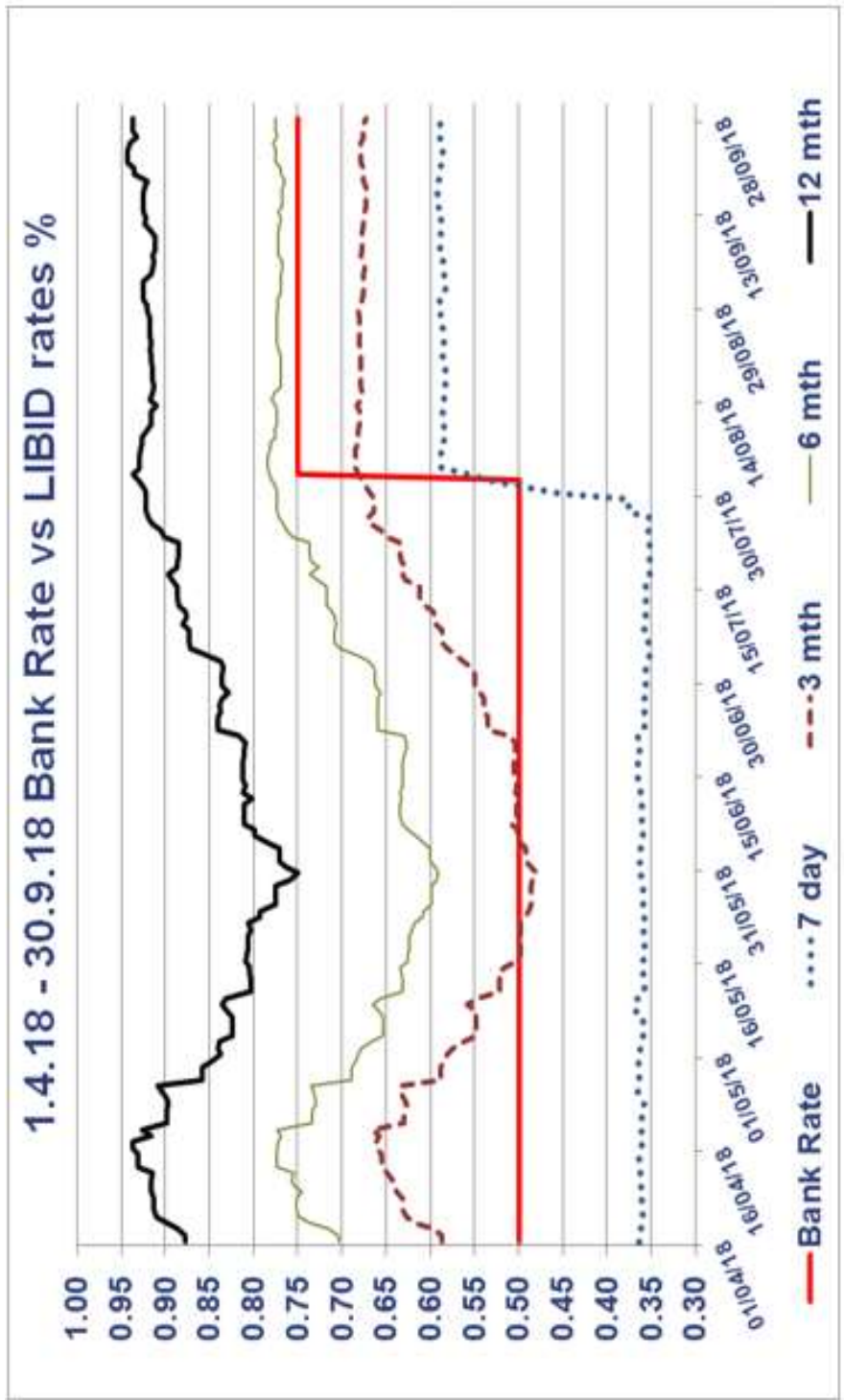
A summary of the Council's investment portfolio is contained in Appendix C. The investment returns shown are as at 30 September 2018 and are not the cumulative returns over the first six months of 2018/19. Investment returns shown are influenced by the date upon which investments were made and the length of the investment in addition to the nature of the investment.

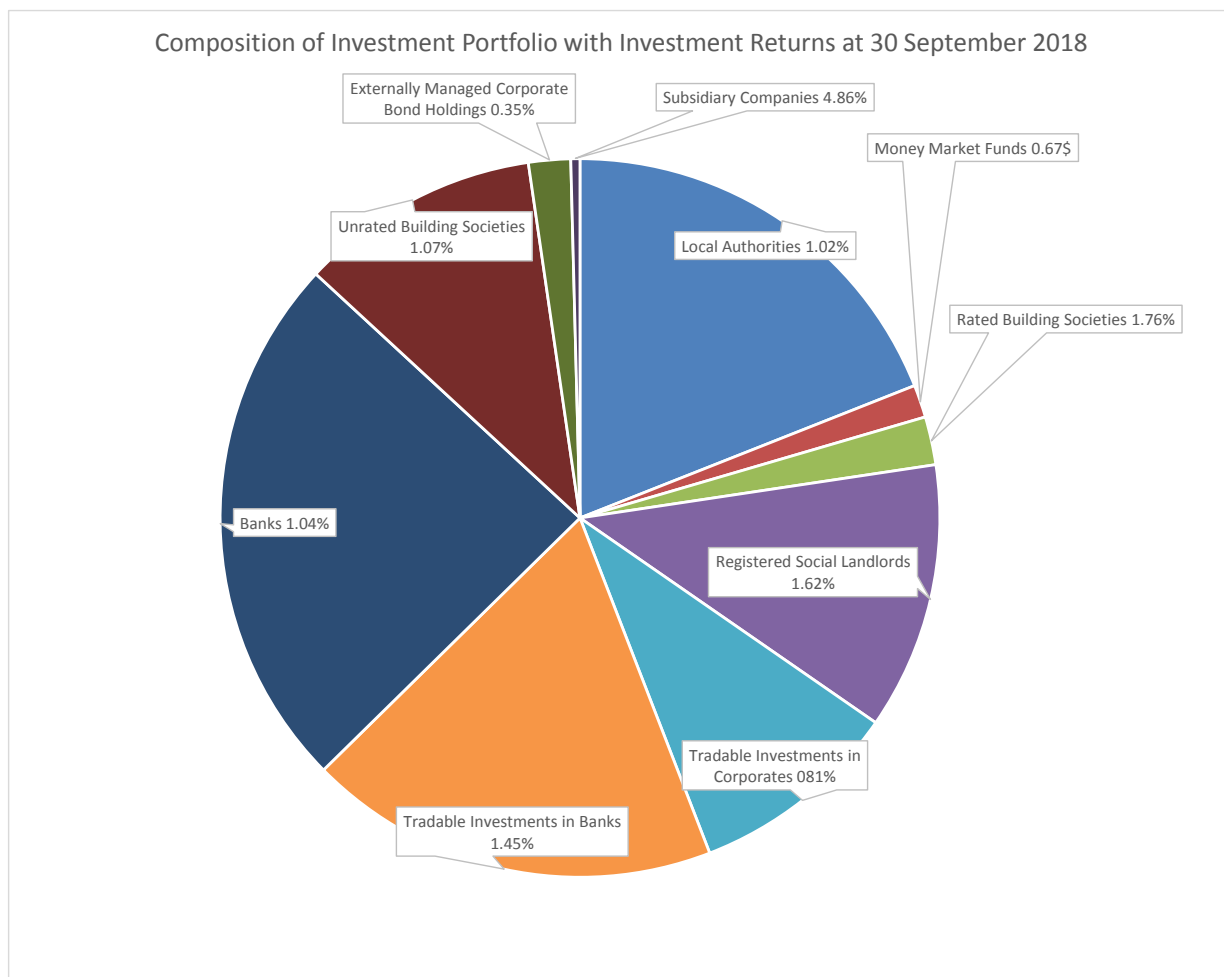
A6. INTEREST RATE EXPOSURES

Fixed interest rates avoid the risk of budget variances caused by interest rate movements, but prevent the Council from benefiting from falling interest rates on its borrowing or rising interest rates on its investments. The Council's net fixed interest rate borrowing at 30 September 2018 was £362m which was within the limit set in the 2018/19 Treasury Management Policy of £454m. Variable interest rates expose the Council to the benefits and dis-benefits of interest rate movements and can give rise to budget variances. The Council's net variable interest rate investments at 30 September 2018 were £153m which was within the limit set in the 2018/19 Treasury Management Policy of £289m.

LIBID RATES

LIBID rates are London inter-bank bid rates and give an indication of the rates available in the London money market



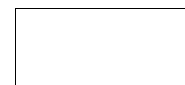


Money market funds are instant access investments in AAA rated pooled funds.

Some investments in banks and corporates (commercial companies) are tradable. This means that the Council can sell the investments at any time to a third party. This contrasts with bank and building society term deposits which can only be repaid by the bank or building society.

The Council has some externally managed corporate bond holdings. These consist of tradable debt issued by commercial companies.

Agenda Item 9



Decision maker: Cabinet

Subject: Income Generation Strategy - 2018/19 - 2023/24

Date of decision: Cabinet 6th November 2018
Council 13th November 2018

Report by: Director of Finance & Information Technology (Section 151 Officer)

Wards affected: All

Key decision: Yes

Budget & policy framework decision: Yes

1. Executive Summary

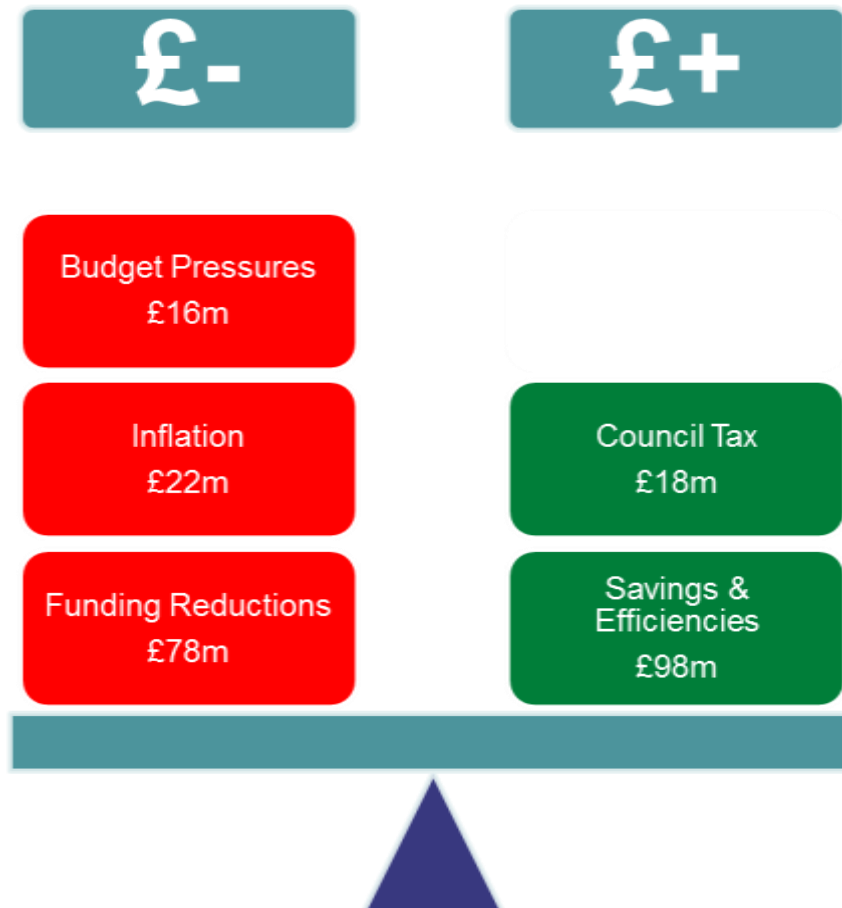
- 1.1 This report proposes an income generation strategy for the Council in order to secure funding for maintaining essential services for residents and also supports the growth of local businesses such that local people benefit from the financial and social impact of the Council's investment decisions. It is important that the Council adopts a creative approach to generating income, to support local communities despite the financial challenges faced.
- 1.2 In common with other Councils, the combined effect of reductions in Central Government Funding, relatively low levels of Council Tax and unavoidable cost increases (particularly associated with Adult and Children's Social Care) has presented the Council with the largest budget deficits that have ever been experienced in modern times. To overcome budget deficits of this scale and make corresponding savings creates a real and substantial risk to the sustainability of public services to residents and businesses.
- 1.3 Some mitigation has been provided by the Business Rate Retention Scheme (BRRS)¹, allowing the Council to retain 50% of all proceeds of business rate growth, however this is small at circa £3m over the last 8 years in comparison

¹ The Business Rate Retention Scheme (BRRS) is part of Government Funding reductions at £78m. Had the BRRS not been in place, Government Funding would have reduced by £81m (i.e. £81m - £3m + £78m)

with the reductions in funding of £78m and increased cost pressures at £38m over the same period.

- 1.4 As set out below, the Council has been required to make £98m in savings and efficiencies over the past 8 years in order to balance the Budget, ensuring that spending remains in line with income and funding levels.

BALANCING THE BUDGET - 2011/12 TO 2018/19



- 1.5 As illustrated, the overall combination of reducing Government funding, substantial cost pressures and low levels of Council Tax has resulted in the need to find total savings over the period of £98m, representing circa 46% of the Council's controllable spending.
- 1.6 The challenge of delivering £98m in savings has been further compounded by the relative protection of the essential care services of Adult Social Care and Children's Social Care (accounting for 53% of the Council's total spending). The effect of this protection has been to place the burden of savings disproportionately across all other Council Services.
- 1.7 Looking ahead, the Council's current Financial Forecasts estimate of savings required for the coming year period (2019/20 to 2021/21) will be £12m however

underlying budget deficits exist in both Children's Social Care (£4.5m) and Adult Social Care (£1.6m) amounting to £6.1m in aggregate, which if incapable of remedy will serve to increase the £12m savings by an equivalent amount.

1.8 Savings can be made through generating additional income / funding or reducing costs through efficiencies or service reductions. To avoid being forced to make cuts in services, the Council will need to resolutely pursue an Income Generation Strategy as its priority mechanism for making the necessary savings required over the medium term. This will inevitably involve a degree of risk and that risk will need to be appropriately managed.

1.9 The Council has an entrepreneurial history and strong track record in generating income that has been ploughed back over the years into delivering public services for the City. The Council:

- Owns and operates the successful Portsmouth International Port (the largest municipal port in the country) and MMD Shipping Services Ltd.
- Has significant land and property interests within the City from which it earns a solid income (e.g. Lynx House, Spinnaker Tower, Brunel wing of Civic Offices, MMD Shipping Ltd., Portchester Crematorium etc.)
- Owns and operates the majority of Car Parks.

1.10 More recently the Council has:

- Successfully began to develop Dunsbury Park following planning permission secured in 2013 - a major business and technology park and winner of Business Park of the Year 2017 (South Coast Property Awards)
- Created a £146m Commercial Property Portfolio that, to date, has generated a cumulative net return of £10.9m
- Entered into lease and leaseback deals in order to improve the annual income return from the Wightlink Quay
- Secured £50m in funding in November 2013 to develop out East and West Tipner, Horsea Island and Port Solent for additional Employment Space and Housing
- Invested in the establishment of a Community Bank
- Secured strategic partnerships with the Isle of Wight Council and Southampton City Council and Gosport Borough Council to jointly provide services
- Scaled up the sale of support services such as HR, Payroll and Audit to external customers.

- 1.11 It is clear however that for the Council to continue to meet the £12m budget deficit forecast over the next three years as well as the potential additional savings that may be required in order to address the rising demand for Adult and Children's Social Care, the Council will need to go further with its income generation activities and it is imperative that a stand-alone Income Generation Strategy is developed and adopted by the Council to sit within the Council's Medium Term Financial Strategy.
- 1.12 There are a number of areas where the Council can extend, intensify and strengthen its income generation activities. These include:
- Housing Development - including social housing, key worker housing, shared Equity housing, housing for private rent and sale
 - Further commercial property acquisitions - both within and outside of Portsmouth
 - Direct investment into Portsmouth based commercial ventures where a strong business case exists to drive financial returns to the Council and economic returns to the City
 - Acquiring property for regeneration purposes, using compulsory purchase powers where necessary to unlock development - examples may include the Northern Quarter development, Brunel House and Tipner
 - Maximise commercial opportunities from any new Council led developments and projects
 - Securing additional funding from Government relating to both regeneration and also where the Council has a unique case for funding cost burdens.
- 1.13 The activities above have been combined with existing activities currently defined within the Council's Medium Term Financial Strategy to form the proposed Income Generation Strategy 2018/19 - 2023/24 provided at Appendix 1. The Income Generation Strategy will sit within the umbrella strategy of the Medium Term Financial Strategy and represents a further and more explicit articulation of one of the key themes currently contained within it.
- 1.14 The Income Generation Strategy is designed to both increase income to the Council as well as increase funding from Council Tax, Business Rates and Government Grants.

- 1.15 The proposed strategy is designed to deliver additional income over the short, medium and longer term and is built on the following themes:

Short to Medium Term:

- Government engagement
- Fair taxes, fees and charges
- Exploit existing capacity to sell services

Short, Medium and Longer Term:

- Entrepreneurial and commercial services
- Strategic use of property assets

Medium to Longer Term:

- Improving the City economy
- Meeting housing need
- Public service transformation

- 1.16 The Council has a comprehensive financial framework in place designed to avoid any financial obstacles to delivering its Income Generation Strategy. At the heart of the financial framework is a system of decentralised financial planning. Portfolio holders have substantial financial decision making autonomy and accordingly are charged with being accountable for proper financial planning and responsible spending. In practice it will require Portfolio Reserves, the MTRS Reserve, Prudential Borrowing and the Capital Programme to be used primarily to deliver savings.
- 1.17 The financial challenge facing the Council and the necessary future savings requirements are the biggest threat to the sustainability of Council services. The proposed Income Generation Strategy provides crucial mitigation against that threat. Delivering the Income Generation Strategy will require the continuation of strong financial discipline, clearly prioritising the protection of existing key services over potential new service initiatives.

2. Purpose of Report

- 2.1 The primary purpose of this report is to describe the Administration's strategy for income generation over the next 5 years within the overall context of the Council's Medium Term Financial Strategy. The proposed Income Generation Strategy is a significant contributor to the overall Medium Term Financial Strategy for the Council which seeks to achieve £12m of savings (or more if necessary) over the next 3 years.

2.2 In particular, this report sets out the following:

- (a) A brief summary of the Medium Term Financial Strategy for achieving the necessary savings
- (b) The Council's current and forecast funding position in relation to Government Grants, Council Tax and Business Rates and the risk attached to those forecasts
- (c) The current and future expectations for Council spending
- (d) The resulting gap between funding and spending over the medium term (i.e. the Budget Deficit)
- (e) The proposed Income Generation Strategy for 2018/19 - 2023/24 (as a primary vehicle to meet the Budget Deficit) and the necessary financial framework to support its delivery.

3. Recommendations

3.1 It is recommended that:

- (a) The proposed Income Generation Strategy 2018/19 - 2023/24 is approved
- (b) The underpinning financial framework required to support the delivery of the Income Generation Strategy and the wider Medium Term Financial Strategy is noted.

4. Background

Medium Term Financial Strategy (MTFS)

4.1 The Council's MTFS with its stated aim and key strands are described below. It already has an emphasis on entrepreneurial and regeneration activities and there is a presumption that Capital investment will also be targeted towards income generation and economic growth once the Council's statutory obligations have been met.

OVERALL AIM

"In year" expenditure matches "in year" income over the medium term whilst continuing the drive towards regeneration of the City, being entrepreneurial and protecting the most important and valued services

STRAND 1 - Short / Medium Term

Transforming to an Entrepreneurial Council - through income generation

STRAND 2 - Medium / Long Term

Reduce the Extent to which the Population Needs Council Services - through improving prosperity and managing demand

STRAND 3 - Short / Medium Term

Increasing Efficiency & Effectiveness - by improving value for money across all services

STRAND 4 - Short Term

Withdraw or Offer Minimal Provision for Low Impact Services

- 4.2 This report exemplifies and re-focuses the Council's "Strand 1" into a more strategic approach to income generation with broader reach.

Government Funding

- 4.3 Government funding has reduced by 54% since 2011/12 amounting to £78m and is forecast to decrease further over the next 3 years.
- 4.4 There is a good degree of certainty of the Government Funding for the next financial year, being a further reduction of £6m which was announced as part of the 4 Year Settlement that the Council has entered into but which ends in 2019/20. The overall forecast reduction for the 3 year period to 2021/22 amounts to £11.9m, however from 2020/21, a new formula funding methodology will be in place, this is currently under consultation and is known as the "Fair Funding Review". It seeks to fundamentally review either the methodology (or formula) for allocating funding as well as the underlying data used to populate the methodology. The forecast reduction in Government funding of £11.9m therefore is particularly uncertain.

Council Tax

- 4.5 The Council is a low taxing Authority and currently taxes at a level that is approximately £6m per annum less than the average Unitary Authority within its statistical neighbour group, a gap which if closed would reduce the Savings Requirements of the Council by the same sum. Importantly however, Council Tax now represents almost 46% of the Council's total revenue funding and as

Government funding has reduced, this has become an increasingly more important and dependent funding source for the Council. Council Tax rises alone however, are not sufficient to meet even the basic inflationary cost increases of the Council's services.

Business Rates

- 4.6 The Retained Business Rates system is complex and subject to a significant degree of inherent risk. The current national system is characterised by a complex formula which involves retaining 50% of all Business Rates generated in the area but which is subject to variables such as:
- Growth or reductions in the business rate base (i.e. number and size of business in the local area)
 - The value of successful appeals
 - The number of mandatory reliefs (e.g. charitable relief)
 - The overall collection rate (i.e. how much is uncollectable and written off)
- 4.7 The Council has benefited from the national Business Rate Retention Scheme from 2013/14 to 2017/18 by £3m per annum and now from being a 100% Business Rate Retention Pilot for 2018/19 of a further £3m although this latter £3m is only guaranteed for 2018/19.
- 4.8 As part of the comprehensive review of the Local Government funding system (i.e. the Fair Funding Review), there will also be a "Reset" of the Business Rates Baseline in 2020/21. This means that any growth in Business Rates currently being enjoyed by the Council (£3m per annum and a further £3m guaranteed for 2018/19 only) could be lost.

Funding Summary

- 4.9 The Council's funding position overall is low (i.e. Council Tax), falling (i.e. Government Funding) and uncertain (i.e. Government Funding and Business Rates). From 2020/21 onwards there is significant uncertainty within the whole Local Government Funding system. The Council's forecasts of funding for the next 3 years assume that the combined impact of the Fair Funding Review and the Business Rate reset will be broadly neutral but that there is a potential for the impact to be +/- £3m per annum.
- 4.10 The low, falling and uncertain levels of funding experienced by the Council present a compelling reason to drive through income generation as both a strategy to avoid cuts to Council services as well as to mitigate against the risk of uncertain funding levels in the future.

Outlook for the Costs of Providing Services

- 4.11 Over the past 8 years, costs have risen substantially. The combination of inflation plus unavoidable cost pressures, particularly in Adult and Children's Social Care, have added an overall cost burden of £38m over the period

4.12 The cost of providing services continues to rise and at a level beyond the rate of inflation. In general, the cost of providing Services are driven by the following:

- i) Pay and price inflation which will include the increasing cost of the National Living Wage, general price increases and increases in interest rates
- ii) Increases in demand for services, largely driven by social, economic and demographic pressures such as availability and affordability of housing, employment levels and the living longer population and the consequences for Adult Social Care

4.13 The Council is currently experiencing significant cost pressures in both Adult and Children's Social Care and, as previously mentioned, these Services account for 53% of total Council spending. Whilst actively managed, costs pressures in these areas are expected to continue and could lead to the Budget Deficit of £12m rising in the future.

Resulting Savings Requirements 2019/20 - 2021/22

4.14 Taking both cost pressures and funding reductions together and looking forward beyond 2018/19 (and subject to the review of the Local Government Funding system), the Council's future financial forecasts indicate a challenging position with a forecast Budget Deficit over the period 2019/20 to 2021/22 of £12m. Government funding reductions, inflation and demand led cost pressures in the essential care services of Adult Social Care and Children's Social Care continue to be the driving forces contributing to the £12m forecast Budget Deficit.

4.15 The £12m forecast Savings Requirements for future years are proposed to be phased to have regard to a managed reduction in spending and service provision over a realistic period as set out below:

	Revised Underlying Budget Deficit	Revised In Year Target	Revised Cumulative Saving
	£m	£m	£m
2019/20	4.7	4.0	4.0
2020/21	8.9	4.0	8.0
2021/22	11.9	4.0	12.0

4.16 Whilst income generation alone is unlikely to meet the necessary savings and meet those savings in the necessary time scales, it is nevertheless crucial for ensuring the short to medium term viability of Council services at acceptable levels to residents as well as providing greater certainty of the sustainability of Council services over the longer term.

5. Income Generation Strategy 2018/19 to 2023/24

Strategy Development

- 5.1 The Council, until now, has not had a stand-alone strategy for income generation; rather it has embedded its income generation strategies within the Medium Term Financial Strategy itself. The Income Generation Strategy proposed within this paper represents an expanded, intensified and strengthened proposition, going further than current plans and, in particular, providing greater emphasis on delivering affordable housing and direct investment into Portsmouth based commercial ventures.

Housing Delivery (Meeting Housing Need)

- 5.2 Housing, in particular has multiple benefits and reaches across a number of Council objectives as follows:
- i) Generate income for the Council - either to the Housing Revenue Account or the General Fund (via Ravelin - an arm's length development company)
 - ii) Raising prosperity for residents by making housing more affordable
 - iii) Providing accommodation for key workers - e.g. Social Workers and Teachers, therefore attracting talent to the City and reducing the reliance on more expensive agency workers
 - iv) Meeting the demand for housing and thereby reducing residents' reliance on other Council services.

Investing in the City Economy (Regeneration)

- 5.3 Regeneration can also deliver multiple objectives, replicating some of those above such as raising prosperity through employment and the "knock on" effect of increasing business rates as well as reducing residents demand for Council services. In addition, regeneration can:
- i) Bring redundant assets into productive economic use
 - ii) Increase economic growth and productivity
 - iii) Provide commercial opportunities for the Council
 - iv) Stimulate further demand for Inward Investment (and create further new jobs)

Some of the significant opportunities for intervention that currently exist include the Northern Quarter development, Brunel House and Tipner which may require acquiring property using compulsory purchase powers where necessary to unlock development.

Commercial Property Investment Fund (Entrepreneurial & Commercial Activities)

- 5.4 The Administration would wish to see a greater emphasis on securing investment opportunities within the City or its functional economic area and journey to work area. The Fund is currently contributing circa £4m per annum towards the Council's savings requirements which is expected to rise to circa £5m once fully built out and matured. The fund will seek further new investments that meet the criteria for safeguarding of public funds alongside solid financial returns both within Portsmouth and further afield.

Commercial Investment (Entrepreneurial & Commercial Activities)

- 5.5 The Administration is also keen to explore direct investment opportunities into Portsmouth based commercial ventures where a strong business case exists to drive financial returns to the Council as well as driving economic returns to the City. Similar to all other investment opportunities, the safeguarding of public funds is the Council's first priority. Where this can be demonstrated alongside good financial and economic returns, strong governance, talented senior management and robust risk management, investment will be made.

Government Engagement (funding)

- 5.6 Securing additional funding from Government relating to both regeneration and also where the Council has a unique case for funding cost burdens will also continue to be a particular priority within the Income Generation Strategy due to the multiple benefits it can derive (as previously set out).

Strategy Proposal

- 5.7 The approach to Income Generation extends to both additional income as well as additional funding (i.e. from Government Grants, Business Rates and Council Tax). It is also set within the context of other Council policies and strategies to form a cohesive approach to generating income which is fully aligned with the Council's priorities.
- 5.8 The proposals contained within this Income Generation Strategy are designed to deliver greater levels of income over the short, medium and longer term. It describes those plans which can be delivered more quickly to support the more immediate viability of Council services and those that have longer development and lead in times but, which taken together with the short to medium term plans, will ultimately maximise the prospects for the longer term sustainability of Council services.

5.9 The strategy is built upon the following themes and set out in detail in Appendix 1:

Short to Medium Term:

- Government engagement - *including changes to the Local Government Funding system and bidding for regeneration funding and other specific funds*
- Fair taxes, fees and charges - *including annual increases in taxation to at least cover the Council's inflationary costs as well as raising fees and charges based on affordability*
- Exploit existing capacity to sell services - *including the development, marketing and sale of services where the Council has a strong product and competitive advantage and the extension of strategic partnership arrangements*

Short, Medium and Longer Term:

- Entrepreneurial and commercial services - *including new Council commercial ventures delivering employment and economic growth, continuing the development of Dunsbury Farm, continuation of Property Investment (in Portsmouth and elsewhere) etc.*
- Strategic use of property assets - *including supporting the "One Public Estate" programme, developing PCC sites for employment and housing and maximising opportunities for appropriate advertising on prominent assets*

Medium to Longer Term:

- Improving the City economy - *including the pursuit of a City Deal with Government to attract long term investment funding, targeting the Council's Capital Programme into economic growth (e.g. strategic transport infrastructure, acquisition of regeneration sites and employment site viability), improving the City's digital infrastructure to attract inward investment and exploiting the opportunities of the City Deal (Tipner) to create Housing and Employment space*
- Meeting housing need - *including the use of PCC and externally held land to deliver increases in Social and Affordable Housing for sale and rent*
- Public service transformation - *including a review of the opportunities for Local Government re-organisation, deeper integration with The Health and Voluntary Sectors, in sourcing contracts that are no longer the most cost-effective option and the use of digital technology to transform service provision*

Strategy - Supporting Financial Framework

5.10 To support the Income Generation Strategy, the Council has a financial framework that is designed to remove any financial barriers to pursuing viable opportunities. These are described briefly below:

- Earmarked Reserves:
 - Portfolio Reserves - The council has a decentralised model of financial management which has been designed to promote medium term financial planning and responsible spending. It places both financial decision making and accountability with Portfolio holders. Accordingly, Portfolio holders can manage their funding flexibly across financial years in order to meet spending needs. Any underspendings are retained by the Portfolio and any overspending must be met by the Portfolio. Underspendings are accumulated in a Portfolio Reserve and should be used responsibly to support initiatives that can deliver future savings (i.e. Spend to Save initiatives) and be available to meet known and unknown future pressures; once those have been properly planned for any other service initiative can be pursued
 - MTRS Reserve - This is held to cover the cost of redundancies but also to fund Spend to Save initiatives that are of a scale which is unaffordable by an individual Portfolio
- Prudential Borrowing - Borrowing is available for Invest to Save Schemes of a capital nature but only if there is strong certainty that the resulting debt repayment costs can be more than met from the savings or additional income that is generated as a consequence of the investment. Where Capital Investment schemes are more speculative or there is more risk attached to the generation of sufficient income / savings to meet the resulting debt costs, then those schemes will need to be funded with existing Council funds either from the Revenue Budget or the Capital Programme
- Capital Programme - There is a presumption contained within the existing overarching Medium Term Financial Strategy that the Capital Investment will be targeted towards income generation and economic growth once the Council's statutory obligations have been met. This requires a strong financial discipline to avoid the temptation of funding new service initiatives over investments that will drive income generation or savings for the Council and therefore prioritising the sustainability of key essential services into the future.

6. Conclusion

- 6.1 The proposed Income Generation Strategy 2018/19 - 2023/24 sits under the umbrella of the Medium Term Financial Strategy (MTFS), it goes further than the current MTFS, strengthens it and exemplifies it in greater detail. The Income Generation Strategy places particular emphasis on increasing the supply of affordable housing and investing within Portsmouth as key drivers of both generating income as well as meeting demand and raising prosperity in the City overall.
- 6.2 The financial challenge facing the Council and the necessary future savings requirements are the biggest threat to the sustainability of Council services. The proposed Income Generation Strategy provides crucial mitigation against that threat. Delivering the Income Generation Strategy will require the continuation of strong financial discipline, clearly prioritising the protection of existing key services over potential new service initiatives.

7. Equality Impact Assessment (EIA)

- 7.1 The proposals contained within the Income Generation Strategy are general in their nature and set a broad direction of travel. Prior to implementation detailed proposals will need to be formulated and subject to a separate decision making process. Once individual proposals are developed, an Equality Impact Assessment will be considered at that time.

8. City Solicitor’s Comments

- 8.1 It is within Cabinet's power to make this decision.

9. S.151 Officer's Comments

- 9.1 All of the financial information is reflected in the body of the report and the Appendices.

.....
Signed by: Section 151 Officer
Appendices:

- 1 Income Generation Strategy 2018/19 to 2023/24

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

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

Title of document	Location
Portsmouth City Council - Budget & Council Tax 2018/19 & Medium Term Budget Forecast 2019/20 to 2021/22	https://democracy.portsmouth.gov.uk/mgChooseDocPack.aspx?ID=3447
Budget Working Papers	Office of Director of Finance & Information Technology
Local Government Finance Settlement 2018/19	Office of Director of Finance & Information Technology

The recommendation(s) set out above were approved/ approved as amended/ deferred/ rejected by the City Council on 16 October 2018.

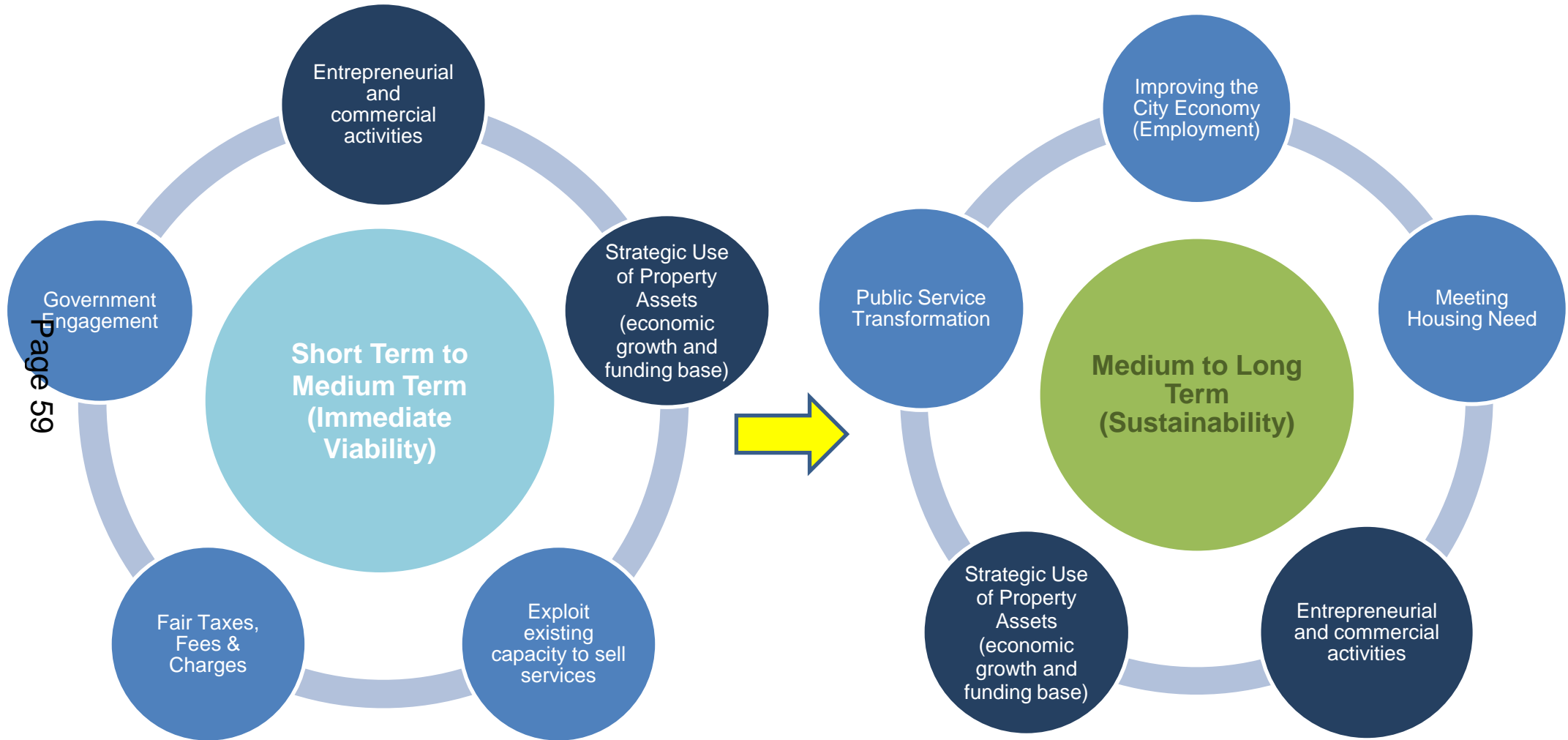
.....
Signed by: Leader of Portsmouth City Council

MEDIUM TERM FINANCIAL STRATEGY - AIM

OVERALL AIM

"In year" expenditure matches "in year" income over the medium term whilst continuing the drive towards regeneration of the City, being entrepreneurial and protecting the most important and valued services

INCOME GENERATION STRATEGY 2018/19 TO 2023/24



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Detailed Income Generation Strategy 2018/19 & Beyond

Strategy - Short to Medium Term		Income	Funding	Priorities
		Increase Income	Increase Bus. Rates / C.Tax / Govt. Funding	Manage Current & Future Demand
Government Engagement	Apply to continue in the Business Rate Retention Scheme Pilot for 2019/20 and beyond		✓	
	Lobby Central Government to remove anomalies within the Business Rates system which incentivise Business Rate Avoidance (e.g. no requirement to notify Local Authorities of occupation or changes to premises)		✓	
	Lobby Central Government for additional funding through the “Fairer Funding Review” and other existing funding streams		✓	
	Lobby Central Government specifically for full re-imburement for the additional costs of Unaccompanied Asylum Seekers		✓	
	Targeted early investment into transformational regeneration schemes (on a phased basis) to move schemes towards "oven ready" status in order to maximise the opportunity for external funding		✓	
	Focus bidding applications (for Government Funding) alongside the Council's limited corporate capital resources ("match funding") towards transformational economic growth and productivity- prioritising Digital, Housing, Transport & Cultural investments	✓	✓	✓

Detailed Income Generation Strategy 2018/19 & Beyond

Strategy - Short to Medium - Term

Strategy - Short to Medium - Term		Income	Funding	Priorities
		Increase Income	Increase Bus. Rates / C.Tax / Govt. Funding	Manage Current & Future Demand
Fair Taxes, Fees & Charges	Increase Council Tax within the limits of the “capping regime” in order to at least cover the Council's normal inflationary costs		✓	
	Undertake frequent reviews and inspections to ensure that Council Tax discounts and exemptions are being properly claimed (e.g. Single Person Discounts)		✓	
	Maximise the identification and collection of Business Rates due by: <ul style="list-style-type: none"> Improving knowledge and intelligence of changes in Businesses circumstances Ensure an equitable application of Business Rate reliefs in accordance with the national scheme 		✓	
	Continual review of fees and charges to: <ul style="list-style-type: none"> Maximise the opportunity to achieve full cost recovery Introduce fees and charges where the Council has the power to do so but subject to the Council's policy objectives (see below) Ensure alignment with policy objectives and affordability e.g. Essential services to residents of limited means are appropriately subsidised but valuable Services that users can afford are charged at full cost. 	✓		✓

Detailed Income Generation Strategy 2018/19 & Beyond

Strategy - Short to Medium Term		Income	Funding	Priorities
		Increase Income	Increase Bus. Rates / C.Tax / Govt. Funding	Manage Current & Future Demand
Exploit Existing Capacity to Sell Services	Promote and market Support Services and other Professional Services where the Council has (or is able to develop) a strong product offering and competitive advantage	✓		
	Extend strategic partnerships with other Local Authorities as a means to generate income, share management overheads, create efficiencies, share other skills and capacity and improve resilience	✓		✓

Detailed Income Generation Strategy 2018/19 & Beyond

Strategy - Short, Medium & Longer Term

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Strategy - Short, Medium & Longer Term		Income	Funding	Priorities
		Increase Income	Increase Bus. Rates / C.Tax / Govt. Funding	Manage Current & Future Demand
Entrepreneurial, Commercial and Collaborative Activities (with managed risk)	Invest in Portsmouth based commercial ventures (via equity or debt) where there is a strong financial case for the Council and a solid strategic and economic case for the City (e.g. increased business growth and employment)	✓	✓	
	Continue to build the £183m Commercial Property Acquisition Fund with a portfolio of assets of different size, across sectors and geographies with strong covenants and in strategic growth locations	✓		
	Continue to build out the Dunsbury Farm Business Park development on a commercial basis	✓		
	Explore opportunities for the expansion and diversification of Port related activities	✓	✓	
	Engage with a Municipal Energy Company to provide competitive tariffs to residents, renewable energy and a financial return to the Council	✓		✓
	Investment into Hampshire Community Bank, supporting SME growth / employment and financial grants to good causes	✓	✓	✓
	Promote the existing "in house" Energy Services offer to Public Bodies to include Solar PV installations and other Mechanical and Engineering services	✓		
	Consider crowd funding opportunities as a mechanism for pursuing otherwise unaffordable resident priorities	✓		✓

Detailed Income Generation Strategy 2018/19 & Beyond

Strategy - Short, Medium & Longer Term

		Income	Funding	Priorities
		Increase Income	Increase Bus. Rates / C.Tax / Govt. Funding	Manage Current & Future Demand
Strategic Use of Property Assets	Pursue the One Public Estate initiative to identify Public Sector sites suitable for Development	✓		✓
	Pursue the One Public Estate initiative aimed at co-locating appropriate health and care services and releasing land and property for alternative use	✓		✓
	Continual strategic review of the use of property assets (assessing economic value vs. current use) to identify sites for: <ul style="list-style-type: none"> • Employment • Housing • Other economic income generating uses • Disposal 	✓	✓	✓
	Leverage the Council's covenant strength to improve rental yields of the Council's property assets	✓		
	Identify and market property assets suitable to be used for digital advertising	✓		
	Utilise the Council's property assets for appropriate advertising which is consistent with the image of and vision for the City	✓		

Detailed Income Generation Strategy 2018/19 & Beyond

Strategy - Short, Medium & Longer Term

Strategy - Short, Medium & Longer Term		Income	Funding	Priorities
		Increase Income	Increase Bus. Rates / C.Tax / Govt. Funding	Manage Current & Future Demand
Investing / Improving the City Economy	Work with partners to pursue alternatives to the Solent Combined Authority bid submitted with Isle of Wight Council and Southampton City Council to reduce overheads and secure infrastructure funding	✓		✓
	Capital Investment prioritised towards economic growth (e.g. strategic transport infrastructure, acquisition of regeneration sites and employment site viability)		✓	✓
	Maximise the opportunity of the Local Full Fibre Network (Super-fast digital infrastructure) to improve overall productivity for existing City Businesses, attract new inward investment and provide an income stream to the Council	✓	✓	✓
	"Design In" commercial opportunities to all significant infrastructure investments - e.g. Sea Defences, Strategic Road infrastructure, Housing Development	✓	✓	✓
	Maximise the Employment and Housing opportunities on the City Deal sites, with a preference for the Council to be a landlord where the financial reward and risk profile are acceptable to the Council	✓	✓	✓

Detailed Income Generation Strategy 2018/19 & Beyond

Strategy - Medium to Long -Term

Strategy - Medium to Long -Term		Income	Funding	Priorities
		Increase Income	Increase Bus. Rates / C.Tax / Govt. Funding	Manage Current & Future Demand
Meeting Housing Need	Lobby / apply for additional freedoms for the HRA in order to finance a new Social Housing building programme	✓		✓
	Develop or facilitate Affordable Housing / Key Worker Housing for rent and sale either directly or in partnership including the use of suitable PCC owned sites where it is the best economic use of the site	✓		✓
	Develop or facilitate Affordable Housing / Key Worker Housing for shared ownership either directly or in partnership including the use of suitable PCC owned sites where it is the best economic use of the site	✓	✓	✓
	Develop supporting living accommodation to improve the independence of residents requiring care and generating rental income	✓		✓

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Detailed Income Generation Strategy 2018/19 & Beyond

Strategy - Medium to Long - Term

Strategy - Medium to Long - Term		Income	Funding	Priorities
		Increase Income	Increase Bus. Rates / C.Tax / Govt. Funding	Manage Current & Future Demand
Public Service Transformation	Consider options for further joint arrangements, shared working and Local Government Re-organisation as a mechanism to develop the wider economy (relieving the constraints of historic administrative boundaries), reduce the cost of duplication in service provision, use duplicated assets to generate income and improve overall resilience		✓	✓
	Review significant external contracts to establish the case for "in sourcing" as a means to sell services, make savings and improve corporate capacity and resilience	✓		
	Pursue Public Service integration (e.g. Health & Social Care) to primarily support improved outcomes but also to provide economies through the sharing of assets, management overheads and support service functions	✓		✓
	Deeper integration with the Voluntary and Community Sector in the development of people centred care (e.g. in the provision of care services) also to provide economies through the sharing of assets, management overheads and support service functions	✓		✓
	Use technology and digital solutions to provide greater personal independence for providing care and charge where appropriate	✓		✓

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Title of meeting: Governance & Audit & Standards Committee
2 November 2018

Full Council
13 November 2018

Subject: Revisions to the Statutory appointments section in the Constitution

Report by: Deputy Chief Executive and City Solicitor

Wards affected: N/A

Key decision: No

Full Council decision: Yes

1. Purpose of report

To address the need to make revisions to the statutory appointments section in the constitution

2. Recommendations

It is recommended that Governance & Audit & Standards Committee

- 1. Consider and agree the proposed amendment to the Constitution by the following inclusion relating to part 2 responsibility for functions (Section 5c Proper Officer/Statutory Appointments Section):**

Section	Function	Responsible Officer
86	Declare vacancy in office	CX
87	Give public notice of a casual vacancy	CX

- 2. Recommend to Council that the Constitution be amended to reflect the above revision.**

3. Background

The current statutory appointments includes under the Chief Executive's functions, the authority to deal with both the receipt of declaration of resignation of Office and receipt of notice of casual vacancy from two local government electors in accordance with sections 84 and section 89 of the Local Government Act 1972 respectively. However, the statutory appointments functions are silent on addressing other Councillor vacancy related issues which arise under sections 86 and 87 of the Act as detailed below:

Section 86 of the Local Government Act 1972 requires the local authority to declare forthwith a vacancy in elected office which may occur because the member:

- a) ceases to be qualified to be a member of the authority;
- b) becomes disqualified for being a member of the authority otherwise than under section 79 of the Local Government Act 2000 or section 34 of the Localism Act 2011 or by virtue of, a conviction or a breach of any provision of Part II of the Representation of the People Act 1983, or
- c) ceases to be a member of the authority by reason of failure to attend meetings of the authority

Reasons for ceasing to be qualified or becoming disqualified under sections (a) and (b) above include:

- are a paid officer or employee with the Authority
- are the subject of a bankruptcy restrictions order or an interim bankruptcy restrictions order, an interim debt relief restrictions order or a debt relief restrictions order
- have been convicted of any offence and has had passed on them a sentence of imprisonment (whether suspended or not) for a period of not less than three months without the option of a fine;

Further disqualifications under section (b) include offences relating to pecuniary interests (Localism Act 2000) and election offences (Representation of the People Act 1983). Section 79 of the Local Government Act 2000 has been amended and now only applies in Wales. Disqualifications under these circumstances will be declared by the High Court.

In relation to section (c), the Local Government Act 1972 requires a member of a Local Authority to attend at least one meeting of that Authority within a six month consecutive period.

Section 87 requires notice to be given of vacancies occurring by virtue of section 85 or 86 of the 1972 Act.

It is therefore requested that the following statutory appointments are made in relation to the Local Government Act 1972:

Section	Function	Responsible Officer
86	Declare vacancy in office	CX
87	Give public notice of a casual vacancy	CX

As these changes to the Constitution require the agreement of Full Council, this Committee is asked to put that recommendation to the Council.

4. Reasons for recommendations

Should any of the above situations arise in the future, the Council will be able to discharge its obligations without delay as required by the Local Government Act 1972.

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

As this amounts to an amendment to the Council's constitution the matter, if approved, will require further approval by Council.

7. Finance Comments

None in the context of this report.

.....
Signed by:

Appendices:

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

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

Title of document	Location

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From GOVERNANCE & AUDIT & STANDARDS COMMITTEE held on 2 November 2018

Council Agenda Item 10 (Minute No 74)

Proposed changes to Constitution Part 2: Responsibility for Functions - section 5c Proper officer/Statutory Appointments

RECOMMENDED to Council that the Constitution be amended to reflect the inclusion of the following.

Local Government Act 1972 Section	Function	Responsible Officer
86	Declare vacancy in office	CX
87	Give public notice of a casual vacancy	CX

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Agenda Item 11



Portsmouth
CITY COUNCIL

Agenda item:

Title of meeting: City Council

Date of meeting: 13 November 2018

Subject: Waiver of 6 month councillor attendance rule (Sec.85 Local Government Act 1972)

Report by: Chief Executive

Wards affected:

Key decision: No

Full Council decision: Yes

1. Purpose of report

The Local Government Act 1972 requires a member of a Local Authority to attend at least one meeting of that Authority within a six month consecutive period, otherwise they cease to be a member of the Authority. This requirement can be waived and the time limit extended if any failure to attend was due to a reason approved by the Authority, in advance of the six month period expiring.

Unfortunately, due to ill health Councillor Fleming has not been able to attend any Council or Committee meetings since the Planning Committee on 30 May 2018. A formal request from Councillor Vernon-Jackson has subsequently been received by the Chief Executive for an extension to the six month rule to be approved in the event that Councillor Fleming is unable to attend the Full Council meeting on 13 November. The requested extension is until 30 May 2019. Councillor Fleming has also notified the Chief Executive that he would appreciate an extension being granted.

2. Recommendations

That Council considers the request to extend Councillor Fleming's period of office beyond the six month period of non-attendance provided for within Section 85 (1) of the Local Government Act 1972 on the grounds of ill health. If minded to approve the request, the Council is recommended that the extension of time be for a period which expires at midnight on 30 May 2019.

3. Background

1. Section 85 (1) of the Local Government Act 1972 states that if a member of a local authority fails throughout a period of six consecutive months from the date of his last attendance to attend any meeting of the authority, they shall, unless

the failure was due to some reason approved by the authority before the expiry of that period, cease to be a member of the authority.

2. Council can only consider approval of any reasons for non-attendance before the end of the relevant six month period. For Councillor Fleming, this would be 30 November 2018 and if the Councillor is unable to attend any meetings of the Council by then (as detailed in 1 above), he would then cease to a member of the Authority at midnight on 30 November 2018.

The 13th November Council meeting is the final scheduled Council meeting at which approval could be sought for an extension of the time limit.

The extension request is for the reason of ill health. Should Councillor Fleming however be able to attend the Council meeting on 13 November, this request becomes redundant and this item will not then be put to the meeting.

4. Reasons for recommendations

To enable the Council to consider a request to extend Councillor Fleming's period of office in accordance with relevant legislation.

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

Once any councillor loses office, through failure to attend for the six month period, the disqualification cannot be overcome by the councillor subsequently resuming attendance nor can retrospective approval of the Council be sought for an extension in time.

7. Finance Comments

There are no direct financial implications arising from this request as the Council is required to consider the formal request for an extension in time.

.....
Signed by:

Appendices:

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

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

Title of document	Location

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

.....
Signed by:

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Agenda Item 13



Portsmouth
CITY COUNCIL

**QUESTIONS FOR THE CABINET OR CHAIR
UNDER STANDING ORDER NO 17**

CITY COUNCIL MEETING – 13 NOVEMBER 2018

QUESTION NO 1

FROM: COUNCILLOR SIMON BOSHER

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

At cabinet and portfolio meetings, all Cabinet members have the ability to accept, reject or amend the recommendations contained within a public report.

Does the Leader consider it appropriate for a Cabinet Member to change the main body of a public report at a public meeting in order to remove a declaration of Interest?

QUESTION NO 2

FROM: COUNCILLOR HANNAH HOCKADAY

**TO REPLY: CABINET MEMBER FOR EDUCATION
COUNCILLOR SUZY HORTON**

Would the Cabinet Member for education please update the council on the progress of the 'Forest School' - as initiated by the Conservative Administration?

QUESTION NO 3

FROM: COUNCILLOR SCOTT PAYTER-HARRIS

TO REPLY: CHAIR OF LICENSING
COUNCILLOR DAVID FULLER

Could the chair of Licensing please confirm when the next Taxi Licensing Policy review will be heard, with input following discussions and recommendations from the taxi trade?

QUESTION NO 4

FROM: COUNCILLOR TOM COLES

TO REPLY: CABINET MEMBER FOR PLANNING,
REGENERATION AND ECONOMIC DEVELOPMENT
COUNCILLOR BEN DOWLING

Can the Cabinet Member provide an update on the progress of the development at Tipner?

QUESTION NO 5

FROM: COUNCILLOR JUDITH SMYTH

TO REPLY: CABINET MEMBER FOR ENVIRONMENT AND
COMMUNITY SAFETY
COUNCILLOR DAVE ASHMORE

Is the Cabinet satisfied with the recent changes to rubbish collection in the southern part of the City and what plans are there to prevent uncollected rubbish bags from piling up as has happened recently?

QUESTION NO 6

FROM: COUNCILLOR JO HOOPER

TO REPLY: CABINET MEMBER FOR TRAFFIC AND
TRANSPORTATION
COUNCILLOR LYNNE STAGG

When were Hatherley Road and Dryden Avenue last resurfaced as part of the PFI programme?

QUESTION NO 7

FROM: COUNCILLOR SIMON BOSHER

TO REPLY: CABINET MEMBER FOR TRAFFIC AND
TRANSPORTATION
COUNCILLOR LYNNE STAGG

Would the Cabinet member outline the process involved when determining the boundaries of a proposed resident's parking zone?

QUESTION NO 8

FROM: COUNCILLOR SCOTT PAYTER-HARRIS

TO REPLY: CABINET MEMBER FOR RESOURCES
COUNCILLOR JEANETTE SMITH

Could the Cabinet member please confirm what events are being planned in May next year to celebrate 825 years since Richard I granted Portsmouth a charter?

QUESTION NO 9

FROM: COUNCILLOR JUDITH SMYTH

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

Does the cabinet intend to publish its strategic intentions and priorities so that these can be considered in public by the Full council? And so that residents can hold the administration to account and we all know the context in which we are working for the current year?

QUESTION NO 10

FROM: COUNCILLOR SIMON BOSHER

TO REPLY: CABINET MEMBER FOR TRAFFIC AND
TRANSPORTATION
COUNCILLOR LYNNE STAGG

Can the Cabinet Member advise when the pavements in Carshalton Avenue, Drayton were resurfaced as part of the Colas PFI contract?

QUESTION NO 11

FROM: COUNCILLOR SCOTT PAYTER-HARRIS

TO REPLY: CABINET MEMBER FOR RESOURCES
COUNCILLOR JEANETTE SMITH

Would the cabinet member please update members on the progress made on memorials and plaques?

QUESTION NO 12

FROM: COUNCILLOR SCOTT PAYTER-HARRIS

TO REPLY: CABINET MEMBER FOR RESOURCES
COUNCILLOR JEANETTE SMITH

Have there been any investigations or research into selling BK1, the Lord Mayors number plate?

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