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# NOTICE OF MEETING

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## CABINET

**FRIDAY, 16 MARCH 2018 AT 12.00 PM**

**EXECUTIVE MEETING ROOM - THE GUILDHALL - FLOOR 3**

Telephone enquiries to Joanne Wildsmith, Democratic Services Tel 9283 4057

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If any member of the public wishing to attend the meeting has access requirements, please notify the contact named above.

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## Membership

Councillor Donna Jones (Chair)

Councillor Luke Stubbs  
Councillor Simon Boshier  
Councillor Jennie Brent  
Councillor Ryan Brent

Councillor Hannah Hockaday  
Councillor Frank Jonas BEM  
Councillor Robert New  
Councillor Linda Symes

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

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## AGENDA

- 1 Apologies for Absence**
- 2 Declarations of Interests**
- 3 Record of Previous Decision Meeting - 12 February 2018 (Pages 5 - 14)**

A copy of the record of the previous decisions taken at Cabinet on 12 February 2018 are attached.

**RECOMMENDED that the record of the decisions taken at the Cabinet meeting of 12 February 2018 are approved as a correct record, to be signed by the Leader.**

**4 Portsmouth Safeguarding Childrens Board Annual Report (Pages 15 - 54)**

The PSCB Board will be represented by Vice-Chair Louise Boyle and Lucy Rylatt (PSCB Business Manager) who will introduce the Annual Report of the Portsmouth Safeguarding Children Board on the effectiveness of safeguarding children in Portsmouth.

**RECOMMENDATION: The Cabinet is invited to receive the Portsmouth Safeguarding Children Board Annual Report and to note areas of progress and challenges in the work delivered by services to safeguard children and promote their well-being.**

**5 Special Educational Needs and Disabilities (SEND) Implementation Grant 2018-19 (Pages 55 - 58)**

The purpose of the report by the Director of Children, Families and Education is to seek agreement to allocate the Special Educational Needs (SEND) Reforms grant for 2018-19 plus the additional Preparation for Employment grant.

**RECOMMENDED that Cabinet approves the allocation of the:**

- **SEND reforms grant of £118,648 in 2018-19 to the Education portfolio;**
- **Preparation for Employment grant in 2018-19 to the Education portfolio**

**6 Health and Wellbeing Strategy (Pages 59 - 94)**

The report by the Director of Public Health is to present to the Cabinet the Health and Wellbeing Strategy for 2018-2021 for approval.

There is statutory duty on local Health and Wellbeing Boards to produce a strategy for the Health and Wellbeing of their population, which should be adopted by the partner organisations. At the last meeting of the Health and Wellbeing Board on 21 February 2018, a document was approved by the Health and Wellbeing Board, with the recommendation that this is adopted by partner organisations.

**RECOMMENDED**

**The Cabinet is recommended to approve the Health and Wellbeing Strategy attached at Appendix 1.**

**7 Treasury Management Policy 2018/19 (Pages 95 - 166)**

The purpose of this report is to obtain the Council's approval of the updated Treasury Management Policy Statement (attached) which includes:

- Annual Minimum Revenue Provision for Debt Repayment Statement
- Annual Investment Strategy

The recommendations are set out in Section 3 of the report and this report is being submitted to Council on 20 March 2018 for approval.

**8 Revenue Budget Monitoring 2017/18 (Quarter 3) (Pages 167 - 178)**

The purpose of this report is to update members on the current Revenue Budget position of the Council as at the end of the third quarter for 2017/18 in accordance with the proposals set out in the "Portsmouth City Council - Budget & Council Tax 2018/19 & Medium Term Budget Forecast 2019/20 to 2021/22" report approved by the City Council on the 13th February 2018.

**RECOMMENDED that**

**(i) The forecast outturn position for 2017/18 be noted:**

**(a) An underspend of £1,257,600 before further forecast transfers (from)/to Portfolio Specific Reserves & Ring Fenced Public Health Reserve**

**(b) An underspend of £133,300 after further forecast transfers (from)/to Portfolio Specific Reserves & Ring Fenced Public Health Reserve.**

**(ii) Members note:**

**(a) That any actual overspend at year end will in the first instance be deducted from any Portfolio Specific Reserve balance and once depleted then be deducted from the 2018/19 Cash Limit.**

**(b) That on 13th February 2018 City Council approved that any underspending for 2017/18 arising at year-end outside of those made by Portfolio's (currently forecast at £133,300) be transferred to Capital resources.**

**(iii) Directors, in consultation with the appropriate Cabinet Member, consider options that seek to minimise any forecast overspend presently being reported and prepare strategies outlining how any consequent reduction to the 2018/19 Portfolio cash limit will be managed to avoid further overspending during 2018/19.**

**9 Unaccompanied Asylum Seeking Children (UASC) Capacity Building Grant 2017-18 (Pages 179 - 186)**

The purpose of this report is to seek agreement to allocate the recently announced Unaccompanied Asylum Seeking Children (UASC) capacity building grant, to be paid in 2017-18, towards supporting the service provision for UASC in 2018-19.

**RECOMMENDED**

**Cabinet is recommended to approve the allocation of the UASC capacity building grant of £188,126 to the Children's Social Care portfolio for use in 2018-19.**

**10 The Portsmouth Harbour One Public Estate Programme**

**(Report to follow).**

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# Agenda Item 3

## CABINET

RECORD OF DECISIONS of the meeting of the Cabinet held on Monday, 12 February 2018 at 1.00 pm at the Guildhall, Portsmouth

### Present

Councillor Donna Jones (in the Chair)

Councillors Luke Stubbs  
Simon Boshier  
Jennie Brent  
Ryan Brent  
Frank Jonas BEM  
Robert New  
Linda Symes

#### 1. Apologies for Absence (AI 1)

Councillor Hannah Hockaday had sent her apologies for absence.

#### 2. Declarations of Interests (AI 2)

There were no declarations of members' interests.

#### 3. Record of Previous Decision Meeting - 11 December 2018 (AI 3)

DECISION: the record of decisions of the Cabinet meeting held on 11 December 2018 were approved as a correct record, to be signed by the Leader.

#### 4. Appointments (AI 4)

##### DECISIONS

The following appointments were made to fill vacancies caused by the resignation of former Councillor Hastings through various portfolios:

- i) Solent Sea Rescue Organisation - Councillor Lee Mason
- ii) Tourism South East - Councillor David Tompkins
- iii) Southern Inshore Fisheries and Conservation Authority - Councillor Robert New

Plus Councillor Alicia Denny was appointed as one of the Council's Heritage Champions.

#### 5. Youth Offending Team - Strategic Plan (AI 5)

The Strategic Plan was introduced by David Williams, Chief Executive, who emphasised the partnership nature of this work. Councillor Donna Jones, as Leader, wished to thank those who had been part of this process.

DECISION: Cabinet noted the achievements made by the Portsmouth Youth Offending Team (YOT) in implementing the plan and endorses the priorities for the team and Management Board in maintaining and developing high levels of practice and performance as well as trying to meet the current challenges.

And

RECOMMENDED that Council endorses the refreshed Youth Justice Strategic Plan 2017 - 19 and recommend that it is approved by Council.

**6. PCC Budget & Council Tax 2018/19 - Portsmouth City Council - Budget & Council Tax 2018/19 & Medium Term Budget Forecast 2019/20 to 2021/22 (AI 6)**

Chris Ward, the Director of Finance and Section 151 Officer jointly presented the two budget reports which would be fully discussed at the Council meeting on 13 February 2018. He explained how the recently announced Adult Social Care grant relating to supporting sustainable local care markets was being treated as one-off funding. Councillor Jones, as Leader, thanked Chris Ward, Julian Pike and the finance team for their hard work in producing the budget reports.

RECOMMENDED

(1) That the following be approved in respect of the Council's Budget:

- [(a) not allocated]
- (b) The revised Revenue Estimates for the financial year 2017/18 and the Revenue Estimates for the financial year 2018/19 as set out in the General Fund Summary (Appendix A)
- (c) The Portfolio Cash Limits for the Revised Budget for 2017/18 and Budget for 2018/19 as set out in Sections 7 and 9, respectively
- (d) That £2.0m be transferred to the Revenue Reserve for Capital in 2017/18 to supplement the resources available for the Capital Programme to enable the Council to increase the Capital Resources available to properly fund its statutory responsibilities including School Places, Sea Defences, critical maintenance obligations and potential match funding commitments for the City Centre Re-development
- (e) The additional £3.1m received from the Business Rate Retention Pilot (currently guaranteed for 1 year only) be used to enable the Council to make a Revenue Contribution to the

Capital Programme to ensure the Council can properly meet its statutory responsibilities for providing Special School Places

- (f) That £2.0m be transferred to the MTRS Reserve in 2017/18 and a further £2.5m in 2018/19 to restore it to a level sufficient to enable the Council to pursue both Spend to Save schemes, Invest to Save schemes and fund redundancy costs, all aimed at facilitating the Council's savings strategy
- (g) That £1.7m is carried forward from 2017/18 to 2018/19 in respect of contingent items that were expected to arise in 2017/18 but are now expected to occur in 2018/19
- (h) Any further underspendings for 2017/18 arising at the year-end outside of those made by Portfolios be transferred to Capital Resources in order to provide funding for known future commitments such as Sea Defences and the enabling transport infrastructure necessary for the City's development and growth which have, as yet, insufficient funding
- (i) Any variation to the Council's funding arising from the final Local Government Finance Settlement be accommodated by a transfer to or from General Reserves.
- (j) The S.151 Officer be given delegated authority to enter into the Solent<sup>1</sup> 100% Business Rates Retention Pilot agreement with the Department for Communities and Local Government
- (k) The S.151 Officer be given delegated authority to make any necessary adjustments to Cash Limits within the overall approved Budget and Budget Forecasts
- (l) That the level of Council Tax be increased by 2.99% for general purposes in accordance with the referendum threshold<sup>2</sup> for 2018/19 announced by Government (as calculated in recommendation (4) (d))
- (m) That the level of Council Tax be increased by a further 1.5% beyond the referendum threshold (as calculated in recommendation (4) (d)) to take advantage of the flexibility offered by Government to implement a "Social Care Precept"; and that in accordance with the conditions of that flexibility, the full amount of the associated sum generated of £1,071,700 is passported direct to Adult Social Care
- (n) Managers be authorised to incur routine expenditure against the Cash Limits for 2018/19 as set out in Section 9
- (o) That the savings requirement for 2019/20 be set at a minimum on-going sum of £4.0m

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<sup>1</sup> Includes Isle of Wight Council, Portsmouth City Council and Southampton City Council

<sup>2</sup> Council Tax increases beyond the referendum threshold can only be implemented following a "Yes" vote in a local referendum

- (p) That the S.151 Officer be given delegated authority to make transfers to and from reserves in order to ensure that they are maintained as necessary and in particular, adjusted when reserves are no longer required or need to be replenished
  - (q) Directors be instructed to start planning how the City Council will achieve the savings requirements shown in Section 10 and that this be incorporated into Service Business Plans
  - (r) The minimum level of General Reserves as at 31 March 2019 be maintained at £8.0m (£7.0m in 2017/18) to reflect the known and expected budget and financial risks to the Council
  - (s) Members have had regard for the Statement of the Section 151 Officer in accordance with the Local Government Act 2003 as set out in Section 13.
- (2) That the following be **noted** in respect of the Council's Budget:
- (a) The Revenue Estimates 2018/19 as set out in Appendix A have been prepared on the basis of a 1.5% tax increase for the "Social Care Precept" (amounting to £1,071,700) and that this is passported to Adult Social Care in order to provide for otherwise unfunded budget pressures including the current underlying budget deficit, the cost of the new National Living Wage and demographic pressures arising from a "living longer" population
  - (b) The decision on the amount at which to set the Adult Social Care precept will be critical for the Social Care and wider Health system in the City; in the event that the additional flexibility of the "Social Care Precept" and associated 1.5% tax increase (amounting to £714,500 for each 1%) is not taken, then equivalent savings will need to be made in Adult Social Care in 2018/19
  - (c) In general, due to the additional costs of the Pay Award and inflation generally amounting to an additional £1.1m, any reduction from the 4.49% Council Tax increase proposed will require additional savings of £714,500 for each 1% reduction in order for the Budget 2018/19 to be approved
  - (d) The Revenue Forecast for 2019/20 onwards as set out in Section 10 and Appendix B
  - (e) The estimated Savings Requirement of £12m for the three year period 2019/20 to 2021/22, for financial and service planning purposes, be phased as follows:

Financial Year	In Year Savings Requirement	Cumulative Saving £
	£m	m
2019/20	4.0	4.0
2020/21	4.0	8.0
2021/22	4.0	12.0



- (f) The MTRS Reserve held to fund the upfront costs associated with Spend to Save Schemes, Invest to Save Schemes and redundancies will hold an uncommitted balance of £4.8m<sup>3</sup> and will only be replenished in future from an approval to the transfer of any underspends, contributions from the Revenue Budget or transfers from other reserves which may no longer be required
  - (g) The Council Tax element of the Collection Fund for 2017/18 is estimated to be a surplus of £1,210,318 which is shared between the City Council (85%), Police & Crime Commissioner (11%) and the Hampshire Fire & Rescue Authority (4%)
  - (h) The Business Rate element of the Collection Fund for 2017/18 is estimated to be a surplus of £1,114,662 which is shared between the City Council (49%), the Government (50%) and the Hampshire Fire & Rescue Authority (1%)
  - (i) The Retained Business Rate income<sup>4</sup> for 2018/19 is based on the estimated Business Rate element of the Collection Fund surplus as at March 2017, the Non Domestic Rates poundage for 2018/19 and estimated rateable values for 2018/19 and has been determined at £73,567,319
- (3) That the S.151 Officer has determined that the Council Tax base for the financial year 2018/19 will be **55,857.4** [item T in the formula in Section 31 B(1) of the Local Government Finance Act 1992, as amended (the "Act")].
- (4) That the following amounts be now calculated by the Council for the financial year 2018/19 in accordance with Section 31 and Sections 34 to 36 of the Local Government Finance Act 1992:

(a)	£486,934,953	Being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act.
(b)	£412,275,394	Being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act.
(c)	£74,659,559	Being the amount by which the aggregate at (4) (a) above exceeds the aggregate at (4)(b) above, calculated by the Council in accordance with Section 31A(4) of the Act as its Council Tax requirement for the year. (Item R in the formula in Section 31B(1) of the Act.
(d)	£1,336.61	Being the amount at (4)(c) above (Item R), all divided by Item (3) above (Item T), calculated by the Council, in accordance

<sup>3</sup> Including the transfer into the reserve of £4.5m contained with the recommendations in this report

<sup>4</sup> Including the Portsmouth City Council element of the Collection Fund surplus of £546,184, S31 Grants of £6,008,979, the "Tariff" paid to Government of £17,157,504 and the contributions to the "Growth Pool" of £4,853,053 and from the "Growth Pool" of £3,094,522

		with Section 31B(1) of the Act, as the basic amount of its Council Tax for the year.
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(e) Valuation Bands (Portsmouth City Council)

<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>	<b>H</b>
<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
891.07	1,039.59	1,188.10	1,336.61	1,633.63	1,930.66	2,227.68	2,673.22

Being the amounts given by multiplying the amount at (4)(d) above by the number which, in the proportion set out in Section 5(1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in Valuation Band D, calculated by the Council, in accordance with Section 36(1) of the Act, as the amounts to be taken into account for the year in respect of categories of dwellings in different valuation bands.

- (5) That it be noted that for the financial year 2018/19 the Hampshire Police & Crime Commissioner is consulting upon the following amounts for the precept to be issued to the Council in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of the dwellings shown below:

Valuation Bands (Hampshire Police & Crime Commissioner)

<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>	<b>H</b>
<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
118.31	138.02	157.74	177.46	216.90	256.33	295.77	354.92

- (6) That it be noted that for the financial year 2018/19 Hampshire Fire and Rescue Authority are recommended to approve the following amounts for the precept issued to the Council in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of the dwellings shown below:

Valuation Bands (Hampshire Fire & Rescue Authority)

<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>	<b>H</b>
<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
43.83	51.13	58.44	65.74	80.35	94.96	109.57	131.48

- (7) That having calculated the aggregate in each case of the amounts at (4)(e), (5) and (6) above, the Council, in accordance with Sections 31A, 31B and 34 to 36 of the Local Government Finance Act 1992 as amended, hereby sets the following amounts as the amounts of Council Tax for the financial year 2018/19 for each of the categories of dwellings shown below:

Valuation Bands (Total Council Tax)

<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>	<b>H</b>
<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
1,053.21	1,228.74	1,404.28	1,579.81	1,930.88	2,281.95	2,633.02	3,159.62

- (8) The Council determines in accordance with Section 52ZB of the Local Government Finance Act 1992 that the Council's basic amount of Council Tax for 2018/19, which represents a 4.49% increase, is not excessive in accordance with the principles approved by the Secretary of State under Section 52ZC of the Act; and it be noted that:
- i) The 4.49% increase includes a 1.5% increase to support the delivery of Adult Social Care
  - ii) As the billing authority, the Council has not been notified by a major precepting authority (the Police and Crime Commissioner for Hampshire or the Hampshire Fire & Rescue Authority) that its relevant basic amount of Council Tax for 2018/19 is excessive and that the billing authority is not required to hold a referendum in accordance with Section 52ZK of the Local Government Finance Act 1992.
- (9) The S.151 Officer be given delegated authority to implement any variation to the overall level of Council Tax arising from the final notification of the Hampshire Police & Crime Commissioner and Hampshire Fire and Rescue Authority precepts.

## **7. Capital Programme 2017/18 to 2022/23 (AI 7)**

Chris Ward, the Director of Finance and Section 151 Officer jointly presented the two budget reports which would be fully discussed at the Council meeting on 13 February 2018.

### **RECOMMENDED**

- (1) That the following be approved in respect of the Council's Capital Programme:
- 1) The Revised Capital Programme 2017/18 to 2022/23 attached as Appendix 1 which includes all additions, deletions and amendments for slippage and rephrasing described in Sections 6 and 8 be approved
  - 2) The S.151 Officer be given delegated authority to determine how each source of finance is used to fund the overall Capital Programme and to alter the overall mix of financing, as necessary, to maximise the flexibility of capital resources used and minimise the ongoing costs of borrowing to the Council
  - 3) That the S.151 Officer in consultation with the Leader of the Council be given delegated authority to release capital resources held back for any contingent items that might arise, and also for any match funding requirements that may be required of the City Council in order to secure additional external capital funding (e.g. bids for funding from Government or the Solent Local Enterprise Partnership)

- 4) The following schemes as described in Section 9 and Appendix 2 be reflected within the recommended Capital Programme 2017/18 to 2022/23 and be financed from the available corporate capital resources:

<b>Recommended New Capital Schemes</b>		<b>Corporate Resources Required £</b>	<b>Total Scheme Value £</b>
<b>Education</b>			
	Schools' Conditions Project 2018/19	1,000,000	1,100,000
	Sufficiency of Secondary School Places	10,237,800	10,237,800
	Sufficiency of Special School Places - Redwood Park Academy	2,053,700	3,053,700
	Sufficiency of Special School Places - The Willows Centre	400,000	400,000
	Milton Childcare Sufficiency	250,000	250,000
	Forest School at Foxes Forest - Community Accessible Education Centre	125,000	125,000
<b>Culture, Leisure and Sport</b>			
	Farlington Pavillion Refurbishment	70,000	140,000
	Lumps Fort Sun Huts Maintenance	50,000	50,000
	Milton Park Barn Thatched Roof	130,000	130,000
	Victoria Park Heritage Lottery Funding Bid	250,000	2,500,000
	Disabled Beach Buggies & Access Mats	20,000	20,000
	Allotment Security Grants	35,000	35,000
	Outdoor Fitness Equipment	80,000	80,000
<b>Environment and Community Safety</b>			
	Public Toilets New Provision, across the City	125,000	180,000
	Wheeled Bins for Refuse	1,120,000	1,120,000
<b>Health and Social Care</b>			
	Shearwater House - Backup Power Supply	50,000	50,000
<b>Housing</b>			
	307 Twyford Avenue - Refurbishment of Supported Housing Accommodation for Adult Social Care clients	190,000	190,000
	4 Target Road - Refurbishment of Supported Housing Accommodation for Adult Social Care clients	100,000	100,000
	69 Goldsmith Avenue - Refurbishment of Supported Housing Accommodation for Adult	160,000	160,000

	Social Care clients		
<b>Planning, Regeneration and Economic Development</b>			
	City Centre Public Realm 2018/19	500,000	500,000
<b>Resources</b>			
	Landlord's Maintenance	2,395,000	2,395,000
	Channel Shift - Phase 2	582,500	582,500
	Windows 10 Upgrade & Hardware Refresh	1,500,000	1,800,000
<b>Traffic and Transportation</b>			
	Cathodic Protection - Hard Interchange	1,200,000	1,200,000
	Western Corridor - South	120,000	120,000
	Central Corridor	250,000	250,000
	Eastern Corridor Road Link - Phase 2	500,000	500,000
	LTP 4	1,500,000	1,500,000
	Smart Cities - Intelligent Transport System	500,000	803,000
	Pedestrian Crossing - Henderson Road	80,000	80,000
<b>Total Recommended Sum To Be Approved</b>		<b>25,574,000</b>	<b>29,652,000</b>

- 5) The following Schemes as described in Section 14 be included within the "Reserve List" of Capital Schemes to be considered once additional capital resources are identified

<b>Future Priority Capital Schemes – Not in Priority Order</b>
School Condition (roofs, boilers, electrics, windows etc.)
Camber Quay Berth 4 Replacement
Enabling Transport Infrastructure match funding - City Centre development
Sea Defences
Landlords Repairs & Maintenance
Local Transport Plan - Road safety and traffic improvement schemes
Digital Strategy (Including move to cloud based Information Technology systems)

- 6) The Prudential Indicators described in Section 15 and set out in Appendix 3 be approved.
- (2) That the following be noted in respect of the Council's Capital Programme:
- 1) The passported Capital Allocations (Ring-fenced Grants) as set out in Section 7
  - 2) That Cabinet Members, in consultation with the Section 151 Officer, have authority to vary Capital Schemes and their associated funding within their Portfolio in order to manage any potential overspending or funding shortfall or to respond to emerging priorities

- 3) As outlined in Section 9 and Appendix 2 that the Director of Property & Housing Services will work with other Directors to further prioritise the schedule of identified Landlord's Maintenance works to ensure that those with the highest priority are undertaken up to the value of the £2.4m allocated
- 4) The use of Drayton & Farlington Neighbourhood CIL to fund £70,000 of a £140,000 scheme to undertake a refurbishment of Farlington Pavilion, as outlined in Section 12 and Appendix 2
- 5) As outlined in Section 13 and Appendix 2 the release of £55,000 towards a £180,000 scheme from the Environment & Community Safety Portfolio Reserve to provide new public toilets across the City
- 6) The City Council note that Prudential Borrowing can only be used as a source of capital finance for Invest to Save Schemes as described in Section 15

The meeting concluded at 1.07 pm.

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Councillor Donna Jones  
Leader of the Council

# Agenda Item 4



Portsmouth  
CITY COUNCIL

<b>Title of meeting:</b>	Cabinet
<b>Date of meeting:</b>	16 March 2018
<b>Subject:</b>	Portsmouth Safeguarding Children Board Annual Report
<b>Report by:</b>	Lucy Rylatt, PSCB Safeguarding Partnerships Manager
<b>Wards affected:</b>	All
<b>Key decision</b>	No

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## 1. Purpose of report

- 1.1. To introduce the seventh Annual Report of the Portsmouth Safeguarding Children Board (PSCB) on the effectiveness of safeguarding children in Portsmouth

## 2. Recommendations

- 2.1. Members are invited to receive the PSCB Annual Report and to note areas of progress and challenges in the work delivered by services to safeguard children and promote their well-being

## 3. Background

- 3.1. Since 2009 there has been a requirement in national guidance that the Chief Executive and the Leader of the Council should make an assessment of the effectiveness of local governance and partnership arrangements for improving outcomes for children and supporting the best possible standards for safeguarding and promoting the welfare of children.
- 3.2. The Apprenticeships, Skills, Children & Learning Act 2009 introduced a requirement for Local Safeguarding Children Boards to produce and publish an annual report on the effectiveness of safeguarding in the local area. Subsequent statutory guidance (Working Together to Safeguard Children 2015) indicated that the report should be submitted to the 'Chief Executive, Leader of the Council, the local Police and Crime Commissioner and the Chair of the Health and Wellbeing Board'.
- 3.3. The Annual Report of the PSCB and the formal report to Cabinet provide the accountability framework to meet these responsibilities.

## 4. Key points

- 4.1. The report highlights the strengths and improvements delivered in 2016-17; as well as indicating the key areas for development across the partnership in this period. Against the Board's four identified priority areas these were:

### Neglect -

- In September 2016 the Deputy Director Children's Services, Children & Family Services submitted a report to the Board reviewing the effectiveness of work undertaken to address neglect since April 2014. This report referred to the development of the Neglect Identification and Measurement Tool (NIMT) and accompanying practice guidance in 2014-15. The report noted that the number

of children on a Child Protection Plan under the category of neglect had remained unchanged and that this raised questions about the impact of the guidance, particularly in terms of early help support communication and planning; there was little evidence that these had produced a positive impact on outcomes for children.

- In response to this report the Board commissioned the Monitoring, Evaluation & Scrutiny Committee (MESC) to undertake a re-run of the audit undertaken in 2014 and a survey of front-line practitioners to understand what, if any, impact the work completed thus far has had. The findings of this audit were that there was some level of awareness of the NIMT across the workforce as it had been used in half of the cases audited; in 5 of the 6 cases there was clear evidence of good communication and multi-agency working, which assisted in completing assessments and plans for the families
- During 2017-18 the Board committed to keeping this priority and that it would be the focus for Portsmouth's Safeguarding Week. A multi-agency task and finish group of service and team leaders will be established to review and revise both the tool and the neglect practice guidance, and consider the development of a Neglect Strategy to agree the multi-agency approach to this issue

### **Communication & Participation**

- The website has been the main focus for communication with the workforce and community in Portsmouth. There are regular updates and improvements made to the layout to make it easier to navigate. This has resulted in over a 100% increase in the number of people accessing the site. PSCB worked with colleagues in Hampshire, Southampton and Isle of Wight LSCBs to review and revise all of the procedures and safeguarding practice guidance. They have all been updated to ensure they are fully compliant with Working Together 2015 and that they better reflect current practice across the four areas. Tri-x has re-configured the platform to make it easier for practitioners accessing it to navigate. This includes the landing page asking the user to click on the relevant LSCB area according to the home address of the child and family they are working with. Where there are local differences in practice and services provided this is indicated in the new 'local information' section of each page.

### **Tackling exploitation and abuse of young people**

- Work has been undertaken to embed the PSCB Missing, Exploited and Trafficked (MET) Strategy and a scorecard developed to capture data from agencies that will help identify the impact this work is having on vulnerable young people.
- The PSCB worked with its partners in Hampshire Constabulary, Children & Families Service and Barnardo's to deliver Operation Make Safe. 250 taxi drivers, hoteliers, street pastors and others requiring licences attended these events. The campaign included a series of briefings about signs to look out for and what to do to keep children safe. During this week and again for a 4 week period between February and March 2017, key awareness messages about CSE were shown on the big screen in Portsmouth Guildhall Square to raise awareness with the public.

### **Tackling Bullying in Schools**



- The Board's Online Safety Officer worked with Barnardo's CSE Worker who has the lead for e-safety in their organisation to deliver 3 sessions to school staff to help them develop the necessary skills and knowledge to deliver online safety messages to pupils. These included having discussions about cyber-bullying, the impact of this and how to address its occurrence. These were followed up by a further session specifically for PSHE teachers to help them develop clear and consistent messages about online safety and cyber-bullying in their school's Personal, Social and Health Education curriculum
- The Board engaged with Beat the Bullies, a local anti-bullying charity to design and deliver a briefing session for schools across Portsmouth in March 2017. This briefing linked to Portsmouth's Strategy for Improving Well Being and Resilience in Education 2017-19 and to Portsmouth's Anti-Bullying Strategy, with the aim of helping schools in developing a restorative approach to bullying to help repair the harm and prevent future incident.

**4.2.** The Board agreed the following 3 priority areas that they considered are potentially causing children the most harm and having the biggest impact on their well-being:

- Children experiencing neglect
- Children at risk of exploitation, going missing (including children missing education) &/or being trafficked
- Children affected by domestic abuse

**4.3.** Additionally it was agreed that it is important that the work of the Board is effectively communicated across our target audiences so that they feel informed about work we do to improve safeguarding in Portsmouth. So this fourth priority area was agreed as Participation and Engagement.

**5.** The report provides the basis for the PSCB in planning how to effectively undertake their responsibility to coordinate and scrutinise the work of partner agencies in promoting the wellbeing of children and keeping them safe. The planning and commissioning tasks of the Health and Wellbeing Board and Children's Trust Board are vital in supporting effective safeguarding and improved outcomes for children.

## **6. Equality impact assessment (EIA)**

An Equality impact assessment is not required as this report is for information only.

## **7. Legal Implications**

There are no legal implications at this time

## **8. Finance Comments**

There are no financial implications

Signed by:

.....

**Appendices:** Portsmouth Safeguarding Children Board Annual Report 2016/17

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

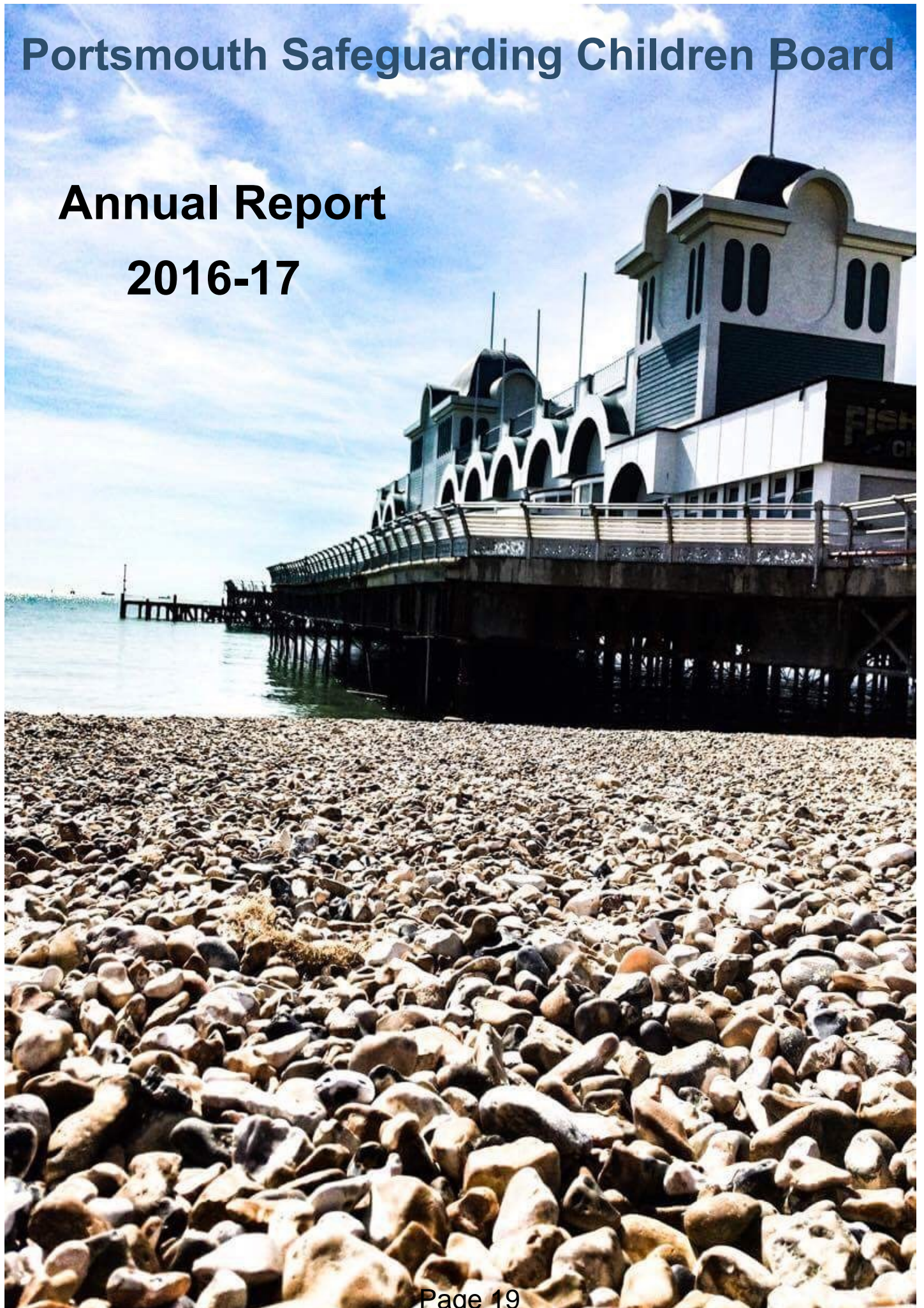
The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

<b>Title of document</b>	<b>Location</b>
Apprenticeships, Skills, Children & Learning Act	Legislation.gov.uk
2009 Statutory Guidance on the Roles and Responsibilities of the Director of Children's Services and the lead Member for Children's Services	Gov.uk
Working Together to Safeguard Children 2015	Gov.uk



# Portsmouth Safeguarding Children Board

## Annual Report 2016-17





## Foreword by the Chair, Reg Hooke

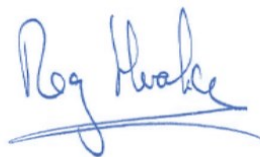
This is the fourth annual report of the Portsmouth Safeguarding Children Board (PSCB) that I have presented. I will be standing down as Chair during 2017/18 and so it is also my last. In the time I have been Chair I have been impressed by the energy and skill of people across many agencies whose work affects the lives of children and young people and their commitment to work together to safeguard them. I believe we have been able to extend the impact the PSCB has for the most vulnerable and to prepare and respond to other emerging challenges in spite of reducing budgets across the public sector. Our work to sharpen the impact that multi-agency working is having on those children most at risk will continue and this is the main focus of our new priorities for 2017-2019.

The PSCB is a statutory partnership that works to safeguard and promote the welfare of children in Portsmouth by working with, and scrutinising, the work of agencies with key responsibilities for keeping children safe in the city. These include staff working in health, social care, police, probation and education settings as well as voluntary sector organisations. This statutory arrangement has existed for over 10 years as set out in the Children Act 2004. New legislation in the Children and Social Care Act 2017 now permits local areas to vary these arrangements and so there may be some organisational changes to the independent scrutiny of child safeguarding over the next year or so but the clear responsibility to build effective partnerships and to have independent scrutiny of those arrangements remains a legal requirement.

This report summarises the year's work and highlights specific risks and priorities. Quality training has been delivered to many schools and to all school safeguarding leads. Our routine audit of a wide range of city organisations in the public and voluntary sectors has provided the basis for constructive discussions from a platform of good shared understanding.

Challenges remain of course and current priorities are designed to improve work to protect children who go missing (including missing education), are suffering neglect in all its forms and are exposed to domestic abuse.

It has been a privilege and pleasure to have been Portsmouth Safeguarding Children Board Chair since 2013. I wish my successor and all of you success for the future but reserve my greatest wish for the success and wellbeing of the children of the city, especially those who face the greatest challenges in their lives.



### ***Safeguarding is everybody's responsibility***

This report gives an overview of the work of the Portsmouth Safeguarding Children Board (PSCB) from April 2016 to March 2017; showing what our plans were, what we achieved and what further work needs to be done to strengthen safeguarding arrangements and promote the welfare of the children of Portsmouth.

The PSCB Independent Chair is required to produce an Annual Report which evaluates the partner progress against the Business Plan and to demonstrate that the statutory requirements of the Board have been met. You can read more about the PSCB and the business unit at our website: [www.portsmouthscb.org.uk/](http://www.portsmouthscb.org.uk/).



# Portsmouth Safeguarding Children Board

## Annual Report 2016-17

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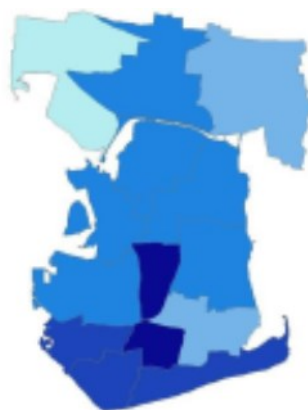
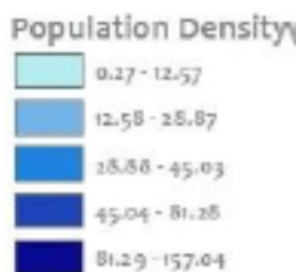
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## The City of Portsmouth

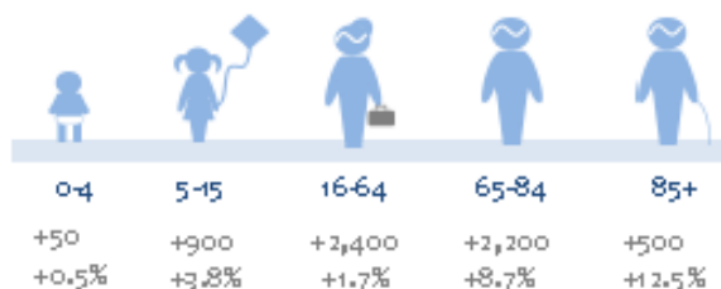


Portsmouth is a port city situated on the southern coast of Hampshire. The city area spans just 15.5 square miles, with a population of approximately 208,400<sup>1</sup> it is recognised as being the most densely populated area in the United Kingdom outside of London. The population of Portsmouth is forecast to increase to 214,600 by 2023.

## The Children of Portsmouth

Approximately 48,500 children and young people under the age of 18 years live in Portsmouth. This is 20.6% of the total population in the area.

Expected Increase in Population by Age Group



There are 24,759 children on roll at schools in Portsmouth (from Reception to Year 11) of a total of 28,581 pupils living in Portsmouth<sup>2</sup>. Of these:

- on roll at a Portsmouth school 4,340, 17.53% are registered as being eligible for free school meals compared to the national average of 14.3%.
- 940 Portsmouth pupils, representing 3.3% of the total, have a statement or Education, Health and Care Plan. This compares to a national average of 2.8% and an average of 3% across the south east region.
- 16.4% of pupils in Portsmouth do not have English as their first language. After English, Bengali and Polish are the most common languages spoken in Portsmouth schools.

Children get off to a good start in Portsmouth with development levels at age 5 slightly above the national level. Standards in schools have shown a good rate of progress in Ofsted ratings with the vast majority of inspected schools now Good or Outstanding; however, despite recent improvements, GCSE results in Portsmouth remain below national and the city ranks low in its group of statistical neighbours. The proportion of 16-18 year olds who are NEET has significantly improved and the gap to national has reduced. Portsmouth is now in line with its statistical neighbours' average.

<sup>1</sup>Hampshire County Council: Small Area Population Forecast

<sup>2</sup>Dept. for Education Statistics: SEN and SEND 2017



# The Children of Portsmouth

Children and young people from ethnic groups other than white British account for 24.7% of the total population compared to the national average of 31.4% in primary schools and 27.9% in secondary schools.

Portsmouth is one of the 20 most deprived districts/unitary authorities in England and about 23% (8,200) of children live in low income families. The city's child poverty rate (compared to the national average of 20.1%) masks significant differences at ward level, with rates ranging from 6.3% to 48.1%. Portsmouth has an employment rate of 71.9% and an average of 18.7% households that are workless, compared to an average of 77.7% and 11.6% respectively across the south east region.

Ethnicity	%
White British	76.33%
White Other	5.98%
Asian Bangladeshi	3.48%
Black African	2.51%
Any Other Ethnic Origin	1.85%



According to Portsmouth's 2017-10 Children's Trust Needs Assessment the rate of Children in Need has fallen and is lower than the average for England. However contacts into the Multi-Agency Safeguarding Hub (MASH) have increased over a three year period but are stabilising. The rate of Child Protection Plans per 10,000 has increased and is above the national and statistical neighbour averages

The rate of A&E attendances for children age 0-4 years has increased over recent years and is significantly higher than the national rate. However, emergency hospital admissions due to injury have reduced and are lower than those nationally.

There has generally been an improving trend in levels of obesity in Year 6 which are now in line with national. However approx.1 in 3 Year 6 pupils are overweight or obese. Portsmouth's infant mortality rate is similar to the England average. The overall trend is decreasing trend over time. The percentage of low birthweight babies has overall been reducing gradually, remaining in line with the national average.



Portsmouth has a relatively high proportion of Armed Forces personnel resident in the city with 2.3% of the adult population compared to the England average of 0.3%.

## What our dataset tells us

Indicator	Number	Increase from 2015/16	Reduction from 2015/16
Number of Looked After Children	358	11%	
Number of children on a Child Protection Plan	242		12%
Number of children who were Children in Need (rate per 10,000)	185.8	13%	
Number of referrals to Children's Social Care	2,479	19%	
Number of children missing 3 times in 90 days	201	data from last year not available	
Number of new referrals of CSE investigated by Police	92	106%	
Number of victims of trafficking	12	data from last year not available	
Number of children linked to high risk domestic incidents	729	59%	
Number of child deaths	11	same	

There have been no reported incidents of FGM or forced marriage during 2016/17

Over the year the Board's Monitoring, Evaluation and Scrutiny Committee (MESC) review this data that is provided on a quarterly basis and provide regular reports to the Board. These reports identify parts of the system that appear to be working well and those we want to keep an eye on. The report also identifies parts of the system that the Board needs to consider what improvements activity is required as they appear to indicate possible areas of concern.

When reviewing the data for 2016-17 the Board received the following messages:

Significant positives -

- The child protection system is broadly timely and effective
- Processes and systems to keep Looked After Children safe are good
- Allegation management continues to function well and appears to be a robust system
- Stable workforce and good workforce development in place for all agencies
- Developing multi-agency dataset for children at risk of exploitation, trafficking and going missing
- Good take-up of PSCB training

Potential areas of concern -

- Continued high pressure on the safeguarding system in terms of increased referral to children's social care
- Consistent use of the Early Help Assessment needs to be improved
- Child Protection Conference quoracy is a continuing issue at review conferences
- Reports into Child Protection Conferences has improved slightly and could be better still
- More in depth analysis of police data on children as victims of crime needs to take place
- Midwifery are not routinely screening women for domestic abuse concerns

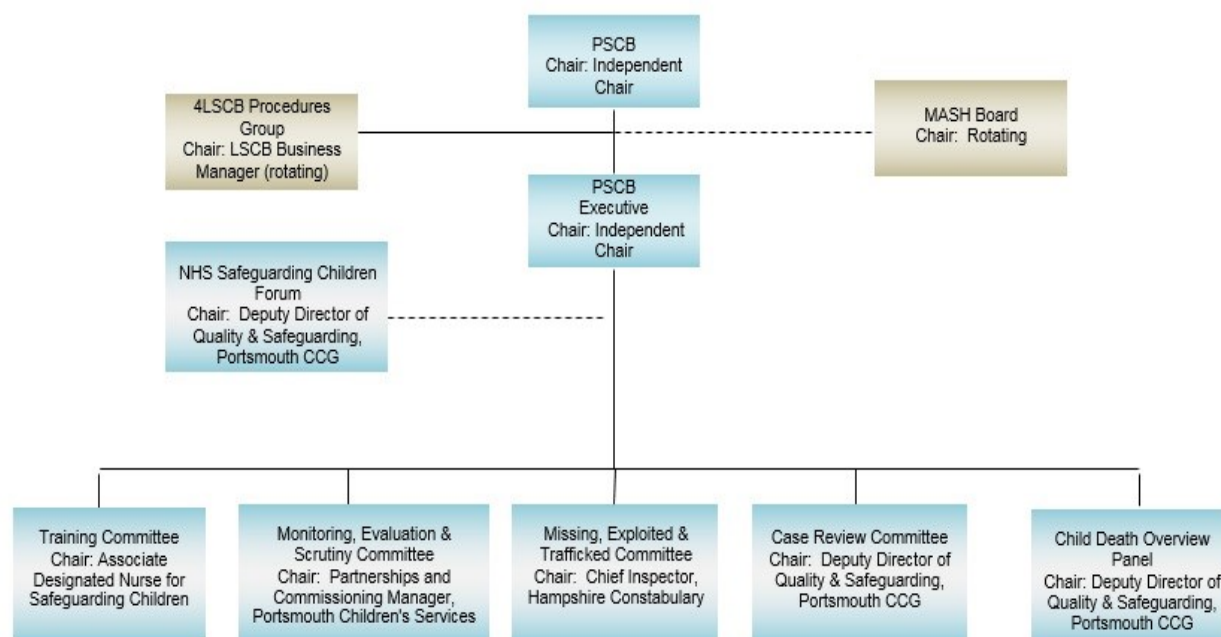


# The Board

## Statutory Duties and Functions

The functions undertaken by the PSCB are set out in Chapter 3 of [Working Together to Safeguard Children](#) issued in March 2015. [Regulation 5 of the LSCB Regulations 2006](#) sets out in detail the functions of an LSCB, the core objectives are set out as:

- to co-ordinate what is done by each person or body represented on the Board for the purposes of safeguarding and promoting the welfare of children in the area of the authority by which it is established; and
- to ensure the effectiveness of what is done by each such person or body for that purpose.



## What is the Portsmouth Safeguarding Children Board?

The Board is made up of representatives from local statutory and voluntary sector agencies that work with children and their parents or carers and three long-standing Lay Members. The Board is led by an Independent Chair whose role is to hold agencies to account.

It is the responsibility of the Local Authority Chief Executive to appoint the Independent Chairperson (with the agreement of a panel including PSCB partners) and to hold the Chairperson to account for the effective working of the PSCB. In order to provide effective scrutiny the PSCB should not be subordinate to, nor subsumed within, other local structures.

The Board agrees a Business Plan each year which ensures its functions are fully carried out and improvements can be progressed which arise from local and national learning. The main Board meets 4 times during the year with an additional development day in March to review the progress of the Business Plan over the previous year, and to agree the priorities for the forthcoming year. The Board's structure and membership and terms of reference for the committees were reviewed in March 2017.

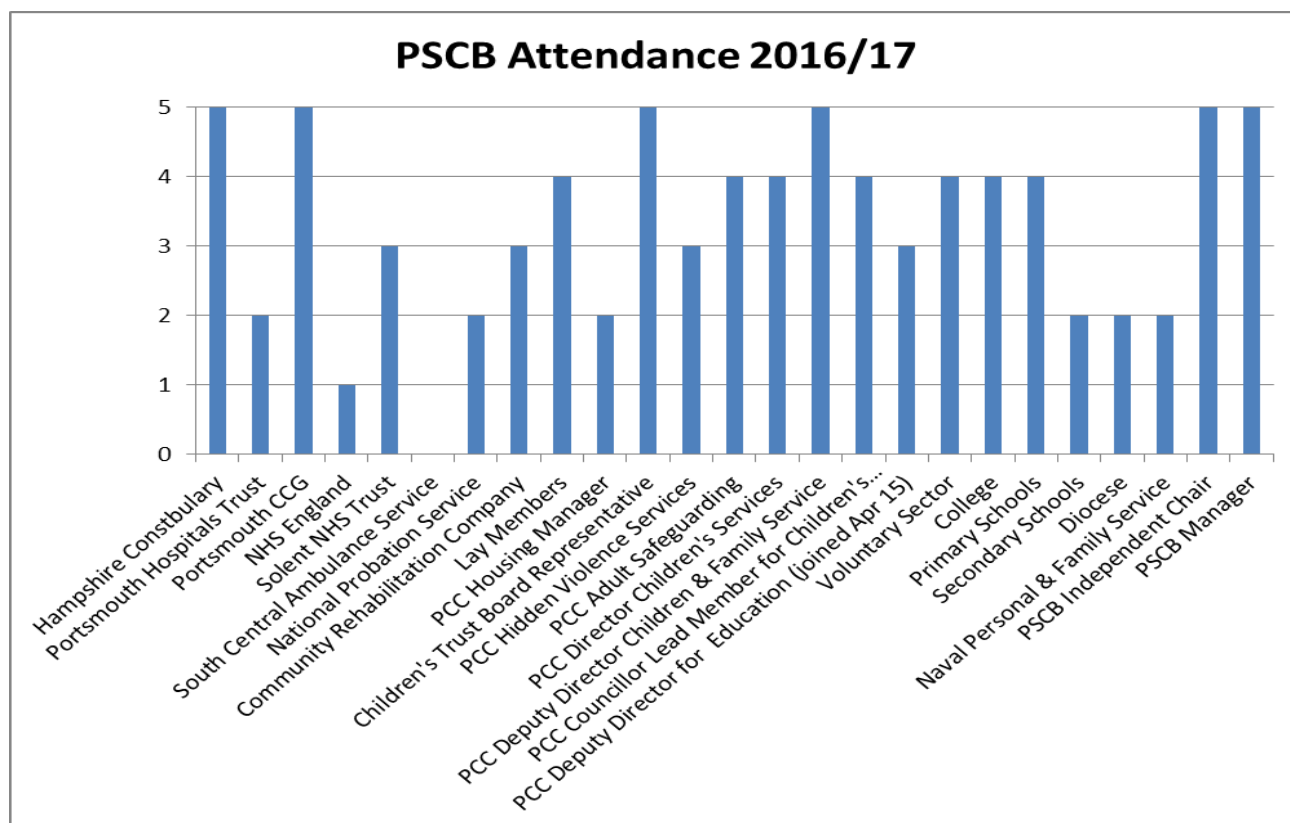
A significant amount of the PSCB's work is undertaken by the Executive Group and Committees. These help to progress many of the detailed actions in the PSCB Business Plan

The Executive Group and the Committees are accountable to the Board and this is reflected in the terms of reference of each group. The Committee's Chairs are all Executive Committee members and report routinely at the main Board

# The Board

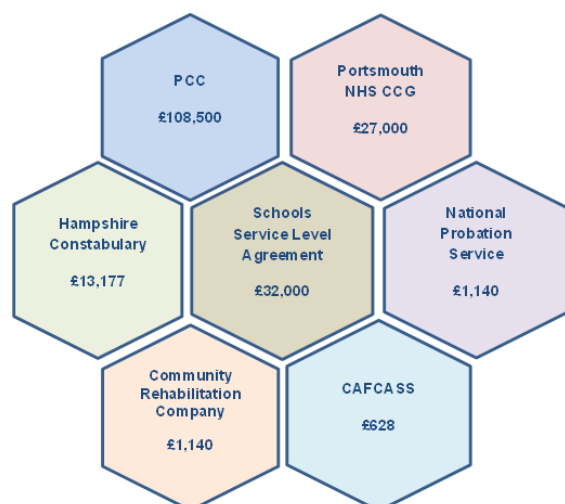
## Membership and Attendance

A list of the statutory and non-statutory Board members as at 31 March 2017 and their attendance is shown below. We are confident the Board is represented by the right local statutory and voluntary agencies who are engaged appropriately in the Committees.



## Financial Arrangements

### Income



### Expenditure



# The Business Plan

## Priorities for 2016-17 and how we delivered against them

### **Neglect** - *Improve the effectiveness of agencies and the community in addressing neglect*

During this year the PSCB Business Unit worked with members of partner agencies to update the Thresholds Document for Portsmouth. An 'Indicators of Need' section was introduced to enable front-line practitioners to clearly identify the signs of abuse across the domains of the My World Triangle and to demonstrate an appropriate response in line with the tiers of need. An essential element of this was to support those working with children to understand what the impact of neglect might look like and when additional support and/or a statutory response would be required.

The Multi Agency Safeguarding Hub (MASH) has reported that since the introduction of the revised Thresholds Document the outcomes of contacts highlights an increase in the number which result in being referred to the Children and Families Service for a statutory assessment by children's social care and a reduction in tasks remaining for the Universal Services.

In the Board's ongoing Safeguarding Training Programme neglect and its effect on children is covered in all courses offered to practitioners and managers. The Neglect Identification and Measurement Tool (NIMT) and Neglect Practice Guidance is regularly referred to. The Board is working with the Local Authority's Learning and Development Team to co-commission a bespoke course to look specifically at neglect, to ensure training messages around the issue of neglect and practice are consistent across the workforce.

In September 2016 the Deputy Director Children's Services, Children & Family Services submitted a report to the Board reviewing the effectiveness of work undertaken to address neglect since April 2014. This report referred to the development of the Neglect Identification and Measurement Tool (NIMT) and accompanying practice guidance in 2014-15. The report noted that the number of children on a Child Protection Plan under the category of neglect had remained unchanged and that this raised questions about the impact of the guidance, particularly in terms of early help support.

In response to this report the Board commissioned the **Monitoring, Evaluation & Scrutiny Committee (MESC)** to undertake a re-run of the audit undertaken in 2014 and a survey of front-line practitioners to understand what, if any, impact the work completed thus far has had. The findings of this audit were that there was some level of awareness of the NIMT across the workforce as it had been used in half of the cases audited; in 5 of the 6 cases there was clear evidence of good communication and multi-agency working, which assisted in completing assessments and plans for the families. The use of the Early Help Assessment and Team Around the Child (TAC) meetings meant that cases appeared to be appropriately stepped up to children's social care and down. From the plans reviewed it was evident that they were more effective when they were developed **with** the parent, and when there was a professional that the parent had a good working relationship with.

The survey found that there is still work to do to improve the workforce's awareness of the NIMT and Neglect Practice Guidance. However, before this is done the NIMT should be reviewed to see if it can be shortened to make it more user friendly whilst still as robust, and that it covers all relevant issues including healthy weight.



Some of the images used in this publication have been used with permission from young people within the city and downloaded from freedigitalphotos.net

## Priorities for 2016-17 and how we delivered against them

The Board committed to keeping this priority for the next two years and the following work would be undertaken:

- A series of briefings would be delivered to the multi-agency workforce in June 2017 highlighting key messages and learning from Serious Case Reviews conducted across the country in the last 3 years that considered children who have died or been seriously harmed as a result of neglect.
- A multi-agency task and finish group of service and team leaders will be established to review and revise both the NIMT and the neglect practice guidance, taking into account the findings of both the audit and the workforce survey.
- Portsmouth's Children Safeguarding Week 13<sup>th</sup>-17<sup>th</sup> November 2017 would be dedicated to neglect. During this week the following activities will be happening:
  - \* partner agencies will be asked to hold awareness raising events with their workforce to consider how they identify and respond to children affected by neglect; and how they work with families to prevent neglect and to improve parenting where it has been identified that neglect is present;
  - \* three multi-agency briefing sessions will be held to raise awareness of and to disseminate the revised NIMT and Practice Guidance across the children's workforce;
  - \* A day's masterclass for those working with children and families to consider the role of the newly formed Early Help and Prevention Service in supporting families where neglect has been identified as an emerging issue; strategies for effectively working with resistant families and identifying and addressing disguised compliance; and the impact of diet and obesity on the welfare of children;

### **Communication and Participation Strategy** - *Improve the effectiveness of safeguarding, including the work of the Board, amongst practitioners and the community, with a particular focus on at risk communities. Ensuring that the voice of children influences learning and best practice*

The PSCB Coordinator has ensured that the Board's website is regularly updated and new sections are added to make the website more informative and easy to use. The impact of this is demonstrated when looking at the number of visitors to the page; there has been over a 100% increase in the number of visitors to the page in just 5 months - from 736 in August 2016 to 1,556 in January 2017.

The PSCB Online Safety Officer also produces a termly newsletter, primarily aimed at schools, to provide useful information, links to helpful resources and to highlight new and emerging threats to the safety of children online.

The Board's multi-agency procedures are jointly commissioned with Hampshire, Isle of Wight and Southampton in a 4LSCB arrangement. During this year the four Business Managers worked with the website provider (Tri-x) to review and revise all of the procedures and safeguarding practice guidance. They have all been updated to ensure they are fully compliant with Working Together 2015 and that they better reflect current practice across the four areas. Tri-x has re-configured the platform to make it easier for practitioners accessing it to navigate. This includes the landing page asking the user to click on the relevant LSCB area according to the home address of the child and family they are working with. Where there are local differences in practice and services provided this is indicated in the new 'local information' section of each page.

The 4LSCB Business Managers will be completing a survey of practitioners during autumn 2017 to review the impact these changes have, had and to consider what further improvements need to be made. The 4LSCB group are also looking at ways to increase awareness of the procedures, when they should be referred to and how to access them. The first idea to be implemented will be developing a Procedures Newsletter every 2 months highlighting a key or new procedure.





## Priorities for 2016-17 and how we delivered against them

The PSCB Business Team held the annual Portsmouth Children's Safeguarding week 14<sup>th</sup>-18<sup>th</sup> November. During this week briefing sessions were held across the city with the children's workforce to introduce the new Thresholds Document and case studies were used explain how and when to use the Indicators of Need. These sessions also provided an opportunity to explore when it is appropriate to complete an Early Help Assessment or when a contact into the MASH is required to consider a statutory response. Articles were written for both Flagship (the council's newsletter that is delivered to all households in Portsmouth) and Term Time (the council's newsletter that is distributed to all parents of children attending schools in Portsmouth) highlighting when and how to contact the MASH if they are concerned about the safety and well-being of a child.



In order to gain children's views on the Board's priorities, how they felt service's should implement them and their concerns for their safety and well-being, the Business Manager attended Children in Care Council; the Council of Portsmouth Schools primary and secondary forums; and wrote to all of the children who attended PSCB Development day in March 2016 to see if the actions agreed are in line with their concerns raised.

## Tackling exploitation and abuse across young people in Portsmouth, including CSE - *to ensure robust partnership arrangements are in place to prevent and manage the risk of harm to young people, including Child Sexual Exploitation, Missing and Trafficked Children.*

During 2016-17 the PSCB Missing Exploited and Trafficked Committee worked to implement the MET Strategy developed in 2015-16. A scorecard of indicators relating to agencies work with missing, exploited and trafficked children has been developed throughout the year to monitor the impact of this strategy. The challenge for the Committee has been to understand what the data is telling us. The Committee will be working with Portsmouth's Operational MET Group during 2017-18 to provide some narrative analysis to better understand the trends underlying the figures.

The PSCB worked with Hampshire Constabulary, Barnardos and Children's Social Care to deliver Operation Make-Safe during September 2016. To support this event Hampshire Constabulary produced a short video based on a real-life scenario where a teenage girl was being groomed in a local hotel, and a member of the public who witnessed this had concerns and intervened to safeguard the girl. 250 taxi drivers, hoteliers, street pastors and others requiring licences attended these events. The campaign included a series of briefings about signs to look out for and what to do to keep children safe. During this week and again for a 4 week period between February and March 2017, key awareness messages about CSE were shown on the big screen in Portsmouth Guildhall Square to raise awareness with the public.

This campaign was followed up by a number of multi-agency community based events to raise awareness of CSE with the general public; to engage with potentially vulnerable children and to ensure they receive appropriate support; and to deliver the Operation Make Safe presentation to local businesses in the pedestrianised shopping areas in Portsmouth. Assemblies have been held in 4 secondary schools to provide pupils with key messages about CSE, what grooming is, the potential consequences and information on how to get advice and support.

The PSCB Case Review Committee facilitated two multi-agency reflective practice meetings in October 2016 to review contrasting cases where the risk of CSE had not been identified and a girl had been assaulted, and a case where it had been identified and the girl had been successfully safeguarded. The learning from these cases has been incorporated into the PSCBs Vulnerable Children course. It was identified that colleagues in health settings who had short, time-limited interventions with children were not routinely considering whether they were at risk of CSE. As a result Portsmouth CCG worked with colleagues from primary care services, Portsmouth Hospitals Trust and Solent NHS Trust to implement the shortened CSE risk assessment tool developed by NHS Wessex and delivered 'train the trainers' sessions to key managers across health settings in Portsmouth.

The Modern Slavery Act came into force in 2015 and introduced the duty to notify suspected victims of child trafficking via a National Referral Mechanism (NRM). The Act also makes clear that there is now a duty to not only refer via the NRM if indicators exist, but also for child victims to be referred into the newly developed Independent Child Trafficking Advocacy (ICTA) Service. Hampshire (including Portsmouth, Southampton and Isle of Wight) was chosen as one of the 3 early adopter sites by the Home Office for the ICTA Service as a statutory provider of this specialist support.

## Priorities for 2016-17 and how we delivered against them

### Tackling bullying in schools and online - as this is what children and young people in Portsmouth tell us is their greatest concern



At the Board's development day in March 2016 the Board heard from 16 children from secondary schools across Portsmouth that bullying was the greatest concern affecting their health and well-being. As a result, the Board committed to raising awareness of the impact of the issue and strategies for addressing it with services across Portsmouth.

The Board's Online Safety Officer worked with Barnardo's CSE Worker who has the lead for e-safety in their organisation to deliver 3 sessions to school staff to help them develop the necessary skills and knowledge to deliver online safety messages to pupils. These included having discussions about cyber-bullying, the impact of this and how to address its occurrence. These were followed up by a further session specifically for PSHE teachers to help them develop clear and consistent messages about online safety and cyber-bullying in their school's Personal, Social and Health Education curriculum.

To help understand the scale of bullying children are experiencing, the Public Health Service agreed to add an indicator to the 2016 You Say Survey which is completed by pupils in Years 8 and 10 attending school in Portsmouth. The following headline percentages are based on any response indicating that participants were bullied at least once in the past couple of months. The results show that for both Year 8 and Year 10 pupils, a higher percentage of girls (compared to boys) responded that they were bullied in the past couple of months. 79% of girls in Year 10 experience bullying and 75% of girls in Year 8 experienced bullying.

Experience of being bullied	Year 8		Year 10	
	Boys	Girls	Boys	Girls
Experienced bullying	196 - 67.8%	280 - 75.3%	183 - 54.3%	146 - 78.5%
Did not experience bullying	93 - 32.2%	92 - 24.7 %	154 - 45.7%	40 - 24.5%
No response	85	92	105	39
Total survey participants	374	464	442	225

The Board engaged with Beat the Bullies, a local anti-bullying charity to design and deliver a briefing session for schools across Portsmouth in March 2017. This briefing linked to Portsmouth's Strategy for Improving Well Being and Resilience in Education 2017-19 and to Portsmouth's Anti-Bullying Strategy, with the aim of helping schools in developing a restorative approach to bullying to help repair the harm and prevent future incident.

The PSCB Business Unit also developed pages for the Board's website on bullying for both children and those working with children. These pages include useful information, resources and contact details for support.

## PSCB Business Plan 2017-19

At the Development Day in March 2017 the Board reviewed the progress against the priorities in the 2014-17 Business Plan, and considered what the future priorities should be based on our knowledge of the child's experience. In order to agree this the Board drew upon:

- data and audit to understand what causes the most harm to children.
- Current understanding of the quality of practice and interventions
- knowledge of what services are available, how they work together and where there are any gaps

When reviewing the previous Business Plan it became clear that the majority of the actions were assigned to the Committees or the Business Unit, so the Board was only holding itself to account for progress against the priorities. It was agreed that when developing the future Business Plan the Board should be considering each agency's role within the plan, that it should be seen as a multi-agency safeguarding plan for Portsmouth. In order to do this the Board and its partner agencies need to consider what are the interventions that will make the biggest difference and then monitor their implementation.

The Board agreed that for each of the future priority areas the activity should be considered under each of the following five principles:

- a) What we will do, how we will do it and by when to provide **scrutiny & oversight** including through the S11 Compact Safeguarding & Early Help Audit; dataset; multi-agency audit and oversight of relevant single agency audit findings; SCRs and learning from reflective practice meetings etc.
- b) What we will do, how we will do it and by when to **understand & identify** children affected by each of the issues
- c) What we will do, how we will do it and by when to **prevent** future harm
- d) What we will do, how we will do it and by when to **intervene & support** - both the parents to improve the family functioning and the child to address the harm already caused
- e) What we will do, how we will do it and by when to **learn & improve** - The Board will support agencies with providing a multi-agency safeguarding programme that supports practice in these areas and strengthen the learning cycle to ensure the work is responsive to emerging issues and improving ways of working.

The Board agreed the following 3 priority areas that they considered are potentially causing children the most harm and having the biggest impact on their well-being:

1. **Children experiencing neglect**
2. **Children at risk of exploitation, going missing (including children missing education) &/or being trafficked**
3. **Children affected by domestic abuse**

**Additionally it was agreed that** it is important that the work of the Board is effectively communicated across our target audiences so that they feel informed about work we do to improve safeguarding in Portsmouth. So this **fourth priority** area was agreed as **Participation and Engagement**.



# PSCB Safeguarding Training

Over 2016-17, PSCB offered more diversity in its training delivery to ensure that key safeguarding messages and emerging lessons from Board activity are disseminated quickly and effectively across the partnership. As such, the training programme consisted of both core courses (Basic Awareness Safeguarding Children, Early Help Module, Child Protection Module, Working with Vulnerable Children (CSE, Missing and Trafficked) Module, Supervision Module, Manager's Module and DSL Refresher Module), a series of lunchtime briefing sessions covering a range of topics including early help; restorative approaches to child protection conferences; and bullying in schools

During 2016-17 2,729 delegates have attended PSCB courses:

**2217** spaces were filled on the **multi-agency and eLearning modules**

**512** delegates were taught in **single agency settings**

The attendance figure shows an overall 28% increase from the previous year and reflects continued good attendance at core courses and also significant multi-agency take up of the new lunchtime briefing sessions. Attendance rates for all courses continue to be high, at over 95 percent. This reflects a high quality training administration system that includes a robust booking process and close monitoring of agency attendance.

As part of Hampshire Constabulary's Operation Make Safe campaign, PSCB offered sessions to over 250 people (including taxi drivers, security staff, hotel staff and sports groups) on Child Sexual Exploitation. Evaluation showed improvements in understanding of signs of CSE and knowing what to do about it.

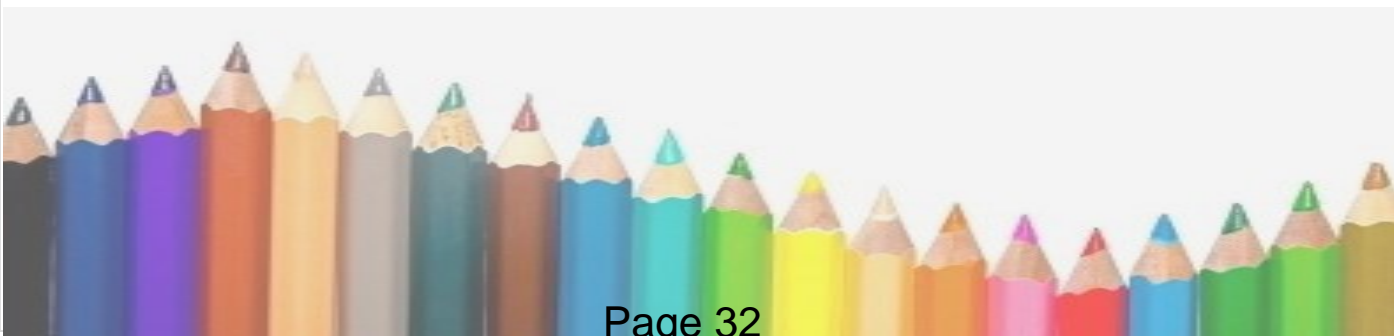
Post evaluation processes continue to show that delegates increase their knowledge and confidence as a result of attendance with improvement in learning scores in terms of knowledge, skills and confidence. The evaluation processes show high satisfaction rates relating to the knowledge and skills of PSCB trainers.

Education providers remain the largest group of professionals accessing the programme followed by the Voluntary Sector and Early Years and Childcare settings. Schools have continued to sign up to the PSCB Traded Services Arrangements or use the Pay as You Use option to have their training provided by the PSCB. A charging policy was introduced in September 2016 for Early Years and Child Care Providers which has been taken up by local providers and attendance numbers from this sector have not reduced.

Despite economic and workload pressures on services, the PSCB training programme has continued to be delivered by a team of professionals from its partner agencies, supported by the PSCB Training Manager and Administrator. This has meant that PSCB has had the capacity to offer the amount of courses to meet demand with no one waiting longer than 3 months (with priority given when needed) and no cancellation of courses.

In a time of significant change to the offer of services to children and families in the city, it has also been important to draw on local and up-to-date knowledge from the multi-agency training team to design and tailor courses to meet the training needs of frontline professionals. This multi-agency approach needs to continue to ensure best use of resources and ensure the availability of enough courses delivered in an appropriate timescale to keep the knowledge and skills of the workforce up to date.

There will be some change to the PSCB courses over the coming year to ensure the content reflects the Restorative Approach adopted in Portsmouth by all services working with children and families in the city. PSCB fully supports the Children's Trust Board in promoting a restorative approach to working with children and their families that will more consistently result in 'the voice of the child' being included in all interventions and professionals will be moving away from doing things *to and for* families to doing things *with* them.





# Learning from PSCB Audits

The PSCB oversees a range of audit activity to understand the effectiveness of early help and safeguarding in the city. During this year the Board's Monitoring, Evaluation and Scrutiny Committee (MESC) have introduced a quarterly programme of multi-agency themed audits. The theme for these is informed by emerging issues of concern identified either through the dataset, the Case Review Committee or by recently published reports or research that identify emerging threats. These audits are supplemented by information from single agency audits and 'deeps dives' into specific topics commissioned by the Board's other committees. During April 2016 to March 2017 the Board supported by its partner agencies completed 6 multi-agency audits, the findings of which were reported to the Board. Specific actions resulting from the recommendations in the audit reports were monitored by MESC.

## Quality of Agency Reports submitted to Child Protection Conferences

The MESC Audit Team reviewed all reports submitted to half of all Initial Child Protection Conferences (ICPCs) and Review Child Protection Conferences (RCPCs) held in February 2016, which equated to a total of 101 reports submitted to 7 ICPCs and 13 RCPCs.

### Findings:

- ✓ In 63 of the 77 reports where it was felt applicable for the professional to comment, the analysis of the implications on the child's future safety, health and development was considered as either good or adequate.
- ✓ The overall presentation of reports was rated as good or adequate in 89% of all cases.
- ✓ Of the 10 reports from early years settings reviewed 7 were considered good, they were all noted to clearly record the child's progress and development
- \* The most significant weakness for all agencies was describing the child's views and wishes, only 12% of reports were graded as good in this area. The auditors considered that 36 of the 68 reports attempts to describe the child's views and wishes was inadequate
- \* Whereas all of the chronologies in Social Workers reports for ICPCs was scored as 'good', few of the chronologies for RCPCs were considered to be at the same standard.
- \* There was a low number of GP reports to the conferences, from a total of 20 conferences only six had reports from GP.
- \* Police reports were often considered difficult to read where they consisted of a long list of (often unrelated) offences from the Police National Computer (PNC) which would need 'interpreting' in a conference for those unfamiliar with PNC records

### Recommendations:

- For the Board to consider developing guidance and examples of good practice to share with agencies to improve the quality of reports to child protection conferences
- All agencies need to explore how practitioners can identify and express the child's views and wishes better in their reports
- Work needs to be done to find a more consistent way of sharing reports with families prior to conference.
- For the Clinical Commissioning Group to monitor how many CP Conferences receive reports from GPs, to explore the barriers to GPs providing reports and provide some training to help them understand the importance of submitting a report
- To revise the format from review conference reports so that significant events are shared
- Maternity Services need to urgently provide their community midwives with training around writing of Conference reports. This should include what good looks like and the importance of sharing reports with families.
- For Hampshire Constabulary and GPs to consider how they might capture/comment of the child's views.

These recommendations have been delayed in their implementation due to Portsmouth Childrens Trust introducing a new approach to working with children and families. This Restorative Approach has significantly changed the Child Protection Conferences and as such the Board agreed to wait until the new system had been embedded before implementing the recommendations. The MESC will conduct the same audit on a smaller sample group of ICPCs during August 2017 to explore what impact the introduction of restorative child protection conferences has had on the quality of agency reports. The Board will then review whether the recommendations above are still relevant to improve practice.

# Learning from PSCB Audits

## Children who go Missing

The purpose of this audit was to look at the experiences of children who have gone missing to enable the PSCB to evaluate whether local agencies are accurately and reliably identifying and addressing the risks to these children.

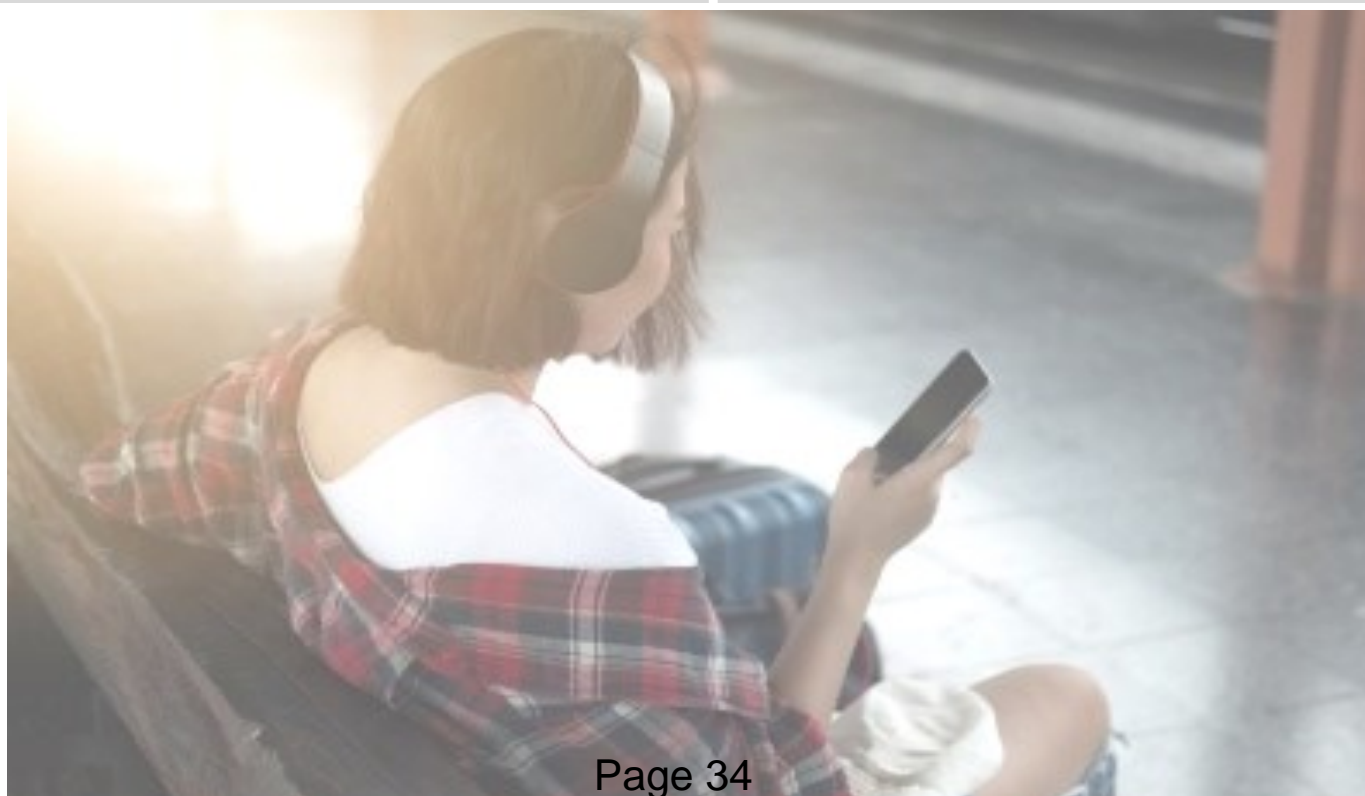
Children's Social Care completed 11 audits using the PSCB audit tool and the Ofsted tracking tool. Barnardo's completed 7 audits using the PSCB audit tool; the police completed 4 audits using both the PSCB tool and the Ofsted tracker; and health completed 2 audits using the PSCB tool.

### Findings:

- ✓ Good evidence of relationship building between young people and social workers in 81% of cases.
- ✓ Good evidence of impact with 91% of children reported to have made progress against identified outcomes
- ✓ Good management oversight was recorded for 81% of cases.
- ✓ Statutory visits were completed within timescale for 91% of young people.
- ✓ The referral for action was timely in all cases.
- \* The chronology and genogram needed to be updated or improved in quality in every case audited
- \* Key Information in only 3 of the cases audited was fully completed. Most needed to be improved often with religion and health contacts to be added
- \* One social worker was reported to have worked well with the young person's family
- \* The quality of supervision was not consistent

### Recommendations:

- The missing toolkit to be re-distributed across the workforce
- A multi-agency missing audit to be rescheduled in 6 months to measure improvements
- Data cleansing exercise to understand what data is kept where and to ensure the relevant agencies are receiving the appropriate information
- Future thematic audits to be planned carefully, adapting audit tools with specific outcomes in mind so that they are fit for purpose
- Health and Police to develop a tool that assists them contributing relevant information to the multi-agency auditing process
- To agree regular reporting about the findings from return interviews



## Survey to look at practitioner's awareness and use of the Early Help Assessment

In the dataset analysis report to the PSCB in November 2015 it was noted that the numbers of Early Help Assessments (formerly CAFs) reported to the Multi Agency Safeguarding Hub (MASH) remained low despite a recent redesign, simplification and re-launch.

A survey to establish if the workforce is aware of the Early Help Assessment and when to use it was agreed to try and understand what the problem is. There were 77 completed responses. Of those who attended PSCB training, 82% felt that they had the confidence to complete a Early Help Assessment with a family compared to 54% of those who hadn't received PSCB training.

Of the 37 people who had not attended a PSCB Early Help Assessment workshop or early help module, 11 said that they hadn't received any training at all, 10 had received training from colleagues, 6 felt training wasn't applicable as they would not expect to complete a Early Help Assessment and 10 did not answer this question.

In response to how they felt their agency supports, encourages and prioritises the Early Help Assessment process only 4 of those who answered this question said they didn't know how this was done. Most were able to identify that this was through supervision, team meetings and allowing time for them to attend training in this area.

By far the most common response to what barriers prevented a Early Help Assessment from being completed once it had been established it was needed, was parents not wanting to engage in the process which was cited 25 times. The second most common barrier was time constraints and this was mentioned 17 times. Lack of training was raised 5 times, there being no other agencies that could/would work with the family cited 3 times and the professional's role being in an acute setting and not appropriate for them to complete the Early Help Assessment with the family was noted 3 times.

The findings from this survey would correspond to what the recent Section 11 Compact Audit found. In that audit agencies self-reported a weakness in their early help processes. With 14 of the 86 agencies included not having an identified lead for completing and/or supporting Early Help Assessments and 14 agencies having not accessed training for their 'Early Help Champion'.

### Recommendations:

- For the PSCB to continue to deliver the Early Help Module, which includes full training about the Early Help Assessment and related early help processes.
- For agencies to promote key professionals attendance on an Early Help Module and to make this a priority for all those professional groups engaged in early help.
- Produce some clear instructions as to what to do with completed Early Help Assessments and who to record them with and ask agencies to promote this with all professionals who may complete a Early Help Assessment. .
- Each agency to be required to report quarterly to the PSCB during 2016-17 on the number and quality of Early Help SAFs completed by their workforce. This data will be used against the early help profile to ensure that the workforce is confident and competent in this area of work.

# Learning from PSCB Audits

## Review of Multi-Agency Safeguarding Hub (MASH) Process/Thresholds

This audit was completed 9 months after the introduction of the Multi Agency Safeguarding Hub (MASH) in Portsmouth. The purpose was to seek assurance that systems and processes were working effectively and in particular to ensure there was evidence that the MASH were checking consent, applying thresholds and evidencing decision making that is proportionate.

In order to do so random sample of 21 MASH Case Analysis Forms between 01.06.16 and 30.06.16 were reviewed by both health and children's social care leads

### Findings

- ✓ MASH decisions were clearly evidenced and well recorded
- ✓ Information shared by each agency was appropriate and contributed effectively to proportionate decision making
- ✓ There was evidence of good multi-agency working.
- ✓ All of the cases reviewed had relevant consent documented.
- ✓ All of the cases reviewed had consistent application of thresholds and evidenced decision making that was proportionate.
- ✓ The MASH process was straight forward, logical and easy to follow.
- \* The letter sent to referrers from the MASH was inadequate and confusing.
- \* 19 of the 21 forms reviewed had clear evidence of MASH processes. There were two that indicated they needed to go through MASH but for some reason did not. These have been followed up separately to help understanding.
- \* On review of the two cases it was found that in one case the information was recorded on the three siblings records that went onto be assessed. In the other case the information was recorded upon another sibling's record but not copied across - this has now been rectified.

### Recommendations:

- All cases where there are challenges about threshold following a MASH outcome should be highlighted to a senior manager.
- Health colleagues to ensure the 'right' practitioner is part of the MASH, particularly with the upcoming aim to join up the MASH and MARAC processes.
- The letter sent to referrers from the MASH advising the outcome should be clear and sent out consistently.
- Staff to be reminded that records of outcomes need to be copied across all the siblings' records.

## Children Living with Domestic Abuse

A multi-agency review of cases where children are living in households affected by domestic abuse. The topic was selected because Portsmouth is currently undertaking a strategic review of the domestic abuse provision it commissions; and the triennial analysis of Serious Case Reviews concluded that of the many risk factors identified in the parents' backgrounds, the most prominent was domestic abuse.

### Findings:

- |  |  |
|--|--|
| <ul style="list-style-type: none"><li>√ In all cases audited, as soon as the concern was raised either via the Police or School, then contact was made to the MASH, who made a timely decision as to whether the child should be assessed by a Social Worker; a recommendation made for an early help assessment to be completed; or that the family could continue to be supported by universal services.</li><li>√ Good evidence of timely referrals to domestic abuse services such as Aurora New Dawn and the Early Intervention Project.</li><li>√ The Police reflected that it is not easy for them to consider previous incidents when an officer attends</li></ul> | <p>domestic incident in an emergency</p> <ul style="list-style-type: none"><li>* The audit highlighted that if families refuse an Early Help Assessment there is currently no clear pathway for following this up and ensuring other professionals are aware.</li><li>* Even in this small sample group there was a wide variety of evidence as to how professionals were involving/engaging children and families in their assessment and planning. There was evidence in half of the cases of good practice and no evidence of this in the other half of cases. What was unclear was whether there was no evidence because it hadn't happened or because it hadn't been recorded</li></ul> |
|--|--|

### Recommendations

- That Portsmouth CCG issues advice to GPs that any symptoms a child is demonstrating that reflect the impact of the DA occurring in their household (e.g. the child is frightened to go to bed due to domestic abuse between parents) must be noted on their record.
- The PSCB Training Committee to oversee a review of the domestic abuse training given to staff in all partner agencies to ensure that it sufficiently covers sexual abuse/rape within a relationship.
- The PSCB Training Committee to write to all partner agencies asking for them to ensure that their training on domestic abuse explains the increased risk posed when a couple separates.
- For the PSCB Training Committee to ask agencies to report on what training is given to their workforce on how to ensure the child's views, wishes and feelings are recorded and taken account of in any assessments.
- The NHS Safeguarding Forum Health to consider and report back as to how relevant information is shared with all appropriate health professionals following a MARAC
- For Hampshire Constabulary to report to PSCB Executive Committee as to how they consider the cumulative effect of a number of low risk incidents when considering the risk posed to a child when responding to a further incident
- For Children's Social Care to review a number of cases that have been stepped down from Child Protection to Child in Need, and to report back the PSCB Executive Committee on whether all risks are adequately translated in to the CiN plan
- That the Domestic Abuse Strategic Review Group considers the appropriate response to families whose need for services changes and move tier/category of need and often require a flexible level of intervention that most services find difficult to meet
- The Portsmouth Children's Trust - in their current work at reviewing the role of Lead Professionals - should ensure that individuals taking on this role have the leadership skills and competencies to ensure progress against plans is made and sustained. It will also include reviewing the supervision arrangements for this role as part of the new Team Around the Worker model of practice support.
- The Portsmouth Children's Trust - in their current work at strengthening early help pathways - have a clear process to address family non-engagement in early help Single Assessments.
- The NHS Safeguarding Forum to consider the appropriateness and feasibility of having an alert system in place so that if a previous victim of domestic abuse attends the Accident & Emergency Department with an injury they are aware there has been a history of domestic abuse.
- PSCB MESC to secure a representative for the Audit Team from the education sector
- In the Early Help audit scheduled for 2017-18 the Board will ask the MESC multi-agency audit team to review and report back on how well early help assessments are considering the risks, needs and strengths relating to the presenting issue
- Maternity service to re-audit cases so as to check all women are asked about domestic abuse



# Learning from PSCB Audits

## Children Living with Neglect

To review the progress of agencies interventions for children living with neglect to try and determine what impact the activity since the introduction of this as a Board priority in 2014. To evaluate the impact this work has had on the quality of assessments; whether there appears to be evidence of robust multi-agency working; and whether there was greater clarity around thresholds for escalation and use of a neglect tool to help clarify the appropriate pathway for the cases.

Alongside the audit it was agreed to complete a further survey of the children's workforce to review what impact the introduction of the NIMT had on practitioners' confidence in understanding neglect, spotting the early signs and knowing what support is available.

### Findings:

- \* In 3 of the 6 cases it was evident that the NIMT had been used to help assess the impact of neglect on the child, and was recommended for use in the fourth which demonstrates some level awareness of the tool within the workforce.
- \* As in 2014, the quality of assessments and plans is variable in quality
- \* In 5 of the cases there was clear evidence of multi-agency working and communication, which assisted in completing assessments and plans for the families. However, whilst records showed that within health - school nurse, health visitors, paediatricians etc. were aware of the concerns regarding the impact of neglect on the child this was not evident in the GP records
- \* The use of the Early Help Assessment and TAC meetings meant that cases appeared to be appropriately stepped up and down.
- \* The audit team noted that in all of the cases there was evidence of a good level of support and oversight of the issues from staff at the Primary Schools the children attended.
- \* That plans were more effective when they were developed with the parent, there was a professional that the parent had a good working relationship with and that often when the case became closed to Children Social Care the parent's engagement lessened.

### Recommendations:

- \* The PSCB Business Unit should establish a short-term Task and Finish Group to:
  - ⇒ review and shorten the indicators currently in the NIMT and redesign the tool as appropriate
  - ⇒ update the multi-agency guidance for practitioners supporting children living with neglect to aid the description of neglect and impact
  - ⇒ refresh the Thresholds Document to help aid assessment of the impact of neglect so that it can be clearly expressed in a contact to the MASH
- \* The PSCB Training Committee should plan a range of activities for Safeguarding Week in November 2017 to:
  - ⇒ relaunch the NIMT and guidance
  - ⇒ deliver workshops for the children's workforce on evidence based interventions to address neglect
- \* MESCC to consider if there is more learning to do on effective safeguarding of children who are obese where there is concern that this is linked to neglect.

## Partner Compliance with Statutory Safeguarding Requirements

Effective practice to safeguard children and young people is dependent on partners having appropriate policies, procedures and arrangements in place to support their staff. Section 11 of the Children Act 2004 and sections 175 and 157 of the Education Act 2002 set out the requirements for agencies and form the basis for regular self-auditing of compliance. A full self-assessment of statutory partners' compliance with S11 responsibilities was undertaken between December 2016 and February 2017.

This is the 5<sup>th</sup> year that Portsmouth Safeguarding Children Board chose to combine various duties to test agencies compliance with safeguarding legislation, along with the Section 11 process. This Compact Audit allows us to make comparisons between health, education, early years and voluntary settings alongside those listed as statutory agencies in Working Together 2015. This enables our Board to consider the quality of the whole system in Portsmouth that children and families will engage with at all tiers of need, from universal services through early help settings and into those providing statutory child protection services.

## Partner Compliance with Statutory Safeguarding Requirements

In Portsmouth we also have a history of visiting at least 12 providers from a range of settings each year, and this has proved invaluable in relationship building. It also gives the MESC confidence that, whilst using a self-assessment tool, with those organisations visited there has been no evidence of over-inflated grades or that the evidence referred to was not available upon request.

Therefore, despite the process adopted in Portsmouth appearing to be a more time consuming and labour intensive process than adopted in other areas; the MESC would still recommend this approach be continued as the benefits of being able to have an overview of the whole system is worthwhile.

This year, in recognition of the organisations that provide services in Hampshire, Southampton and the Isle of Wight as well as Portsmouth; the PSCB Business Manager worked with the LSCB Managers in these areas to agree a standardised tool. It was agreed that these agencies (such as Hampshire Constabulary, HIOW Community Rehabilitation Company etc.) would supply one audit return that would be shared with all the relevant LSCBs. These returns aren't analysed in this report as a 4LSCB evaluation group is meeting in June 2017 established to review these returns and oversee any improvement activity.

134 agencies (*including schools, GP surgeries, nurseries, teams within Portsmouth City Council etc.*) were sent the self-assessment tool to complete this year and we received 125 completed returns. The 9 agencies that didn't respond will be sent the S11 Compact Audit to complete in 2017-18 (Should they still refuse to or not respond to the request, the matter will be escalated to the Independent Chair of the Board to challenge)

The key finding was that the child protection system in Portsmouth is effective. A range of measures demonstrate a timely and effective system despite increased numbers, and that processes and systems to keep children safe are good.

### Recommendations:

1. The Board should consider how it can raise awareness of the 4LSCB Procedures, how they can be accessed and why they are of importance to the workforce
2. The Training Committee should review whether the current online course for Safeguarding Children with Disabilities sufficiently references safeguarding those children with communication difficulties; and scope what training is available from other sources.
3. The Monitoring, Evaluation & Scrutiny Committee should consider how it encourages settings to share the findings of their internal audits of safeguarding practice with the Board so that the learning (where applicable) can be shared across Portsmouth
4. In the 2015-16 Safeguarding Compact Audit report it was recommended that the Board should *'continue to closely monitor early help activity and processes. The next S11 audit will occur 4 months after the launch of the Multi-Agency Teams and close attention will need to be given to whether this shows the hoped for improvement in agencies practice in this area'*. There is no evidence that this has changed and so the MESC Multi-Agency Audit Team will be auditing the early help processes and use of the Early Help Assessment in quarter 3 of 2017-18 and reporting to the Board on their findings in January 2018.
5. The Strategic Missing, Exploited and Trafficked Committee should consider what training would be appropriate on CSE for those working with pre-school children and their families, and ensure this is available in Portsmouth.
6. The PSCB MESC and PSCB Training Committee should consider developing a strategic response to developing the capacity and skills in the workforce around safeguarding children with disabilities
7. Agencies reported that whilst they found the process of completing this audit useful in terms of their self-development of their safeguarding practice; they found Survey Monkey a difficult tool to use for such a long survey. For next year's audit the MESC should consider using an excel spreadsheet for collecting responses.
8. That the MESC change the wording of question 3.4 *'All individuals who come into contact with children and young people on an individual basis have regular, recorded case management supervision and can access further support when required'*. To make it more inclusive of differing arrangements in different types of settings. So making it specific for those roles for which the Board would expect to have access to a form of supervision, such as the member of staff with lead safeguarding responsibilities or school pastoral staff etc.

# Safeguarding Children in Portsmouth

## Vulnerable Groups

Children can become vulnerable and subsequently at increased risk of harm for a variety of reasons. National Serious Case Reviews demonstrate that children living in households where there is domestic abuse, substance misuse or their parents are mentally ill are known to be at a greater risk. We also understand the long-term damaging effects of neglectful parenting on children. We know that children who go missing from school or missing from home are also placed in greater danger of harm. Despite this it is not always possible to know the complete picture of the children whose safety is at risk because some abuse or neglect may be masked. To counter this partners in the PSCB have identified some groups of children that are understood to be at particular risk. This helps ensure that their needs are understood and that they form part of our local picture. The PSCB annual report details our understanding of the categories of children and young people identified as being vulnerable and in need of protection.

## Children Exposed to Domestic Violence and Abuse

Following receipt of a report to Board in June 2016 that provided an update of the progress on the Domestic Violence and Abuse Strategic Review; the Chair commissioned a scrutiny discussion at the Board meeting in September 2017.

The Board identified the need to further explore this area as domestic abuse is a cross-cutting issue that affects adults and children. In 2015/16 there was the highest number of reported incidents to the police (5053) and 29.5% (3954) of contacts with the MASH involved domestic abuse. Also the Board were aware that the recent publication of triennial serious case reviews identified that "of the many risk factors identified in the parents' backgrounds, the most prominent in these reviews is the ongoing risk posed by situations of domestic abuse". In terms of the welfare of children in Portsmouth an appropriate safeguarding response for children witnessing domestic abuse is important as we know that exposure to domestic violence and abuse can have a wide range of ill-effects on children and young people, and is a significant feature in the backgrounds of children who are vulnerable to other abuse such as child sexual exploitation.

It is recognised that providing effective interventions and support may reduce the likelihood of children being affected by or perpetrating domestic violence and abuse in adulthood. It is also accepted that an effective response to domestic abuse is a good indicator of effective multi-agency working in respect of safeguarding.

As part of this exercise the PSC Business Unit contacted all partner agencies to map what current provision was available for children witnessing domestic abuse. This information was disseminated to all agencies and a list of available resources published on the PSCB website to ensure that the workforce in Portsmouth is aware of the support available for the children they work with.

Two actions came from this scrutiny:

1. For each member to raise awareness around domestic abuse and the impact on children within their own agencies and ensure information that is available is highlighted to front line staff.
2. The MESC to complete a multi-agency audit to look at the quality and effectiveness of safeguarding interventions with children when domestic abuse was identified in their household (the findings of this audit are discussed earlier in this report on page 17)

The Board agreed all of the recommendations in the audit report and agreed that agency progress on these needs to be monitored regularly by the MESC.

As part of the response to strengthen the care and support for children living with domestic abuse, the Board endorsed the delivery of Operation Encompass in Portsmouth. This is a pilot project between the police and education settings to provide support for affected children. It involves the police contacting the school or college prior to the start of the day if a domestic abuse incident occurred on the previous evening and a child was present. The school can then offer either overt (e.g. discussion with student around support for day) or silent (e.g. teachers aware and flexible around types of behaviour) support depending on the needs of the child.

In light of this work, the Board have agreed that the response to children living with domestic abuse should be a priority area for the Board in its 2017-19 Business Plan.



# Safeguarding Children in Portsmouth

## Exploitation, Missing and Trafficked Children

During 2016-17 the PSCB Strategic Missing, Exploited and Trafficked (MET) Committee worked to develop an action plan to underpin the April 2016 - March 2019 MET Strategy. The MET action plan is structured into the same five key pillars as the strategy and the leads for each were confirmed as:

1. Scrutiny and Oversight - Hampshire Constabulary
2. Understand and Identify - Childrens Social Care
3. Prevention - Barnardos and PARCS
4. Intervention and Support - Health, Barnardos and Childrens Social Care
5. Disrupt and Bringing to Justice - Hampshire Constabulary, Probation, Youth Offending Team and Love 146

In order to better understand the support available for the most vulnerable children in Portsmouth, and to ensure they are being appropriately assessed for their risk of being exploited a representative from CAMHS has joined the group this year.

As expressed in the earlier section looking at the Board's progress against the priorities in the Business Plan, the MET group has identified a 'scorecard' of indicators from a range of agencies that it felt would best express the level of vulnerability amongst children in Portsmouth and the impact of the work being undertaken to address this. The scorecard has improved the MET Groups understanding of the level of need and activity, however it has lacked the ability to identify from the data what impact the interventions are having. Thus during 2017-18 work will be undertaken with the Operational MET Group to explore what narrative analysis can be added to the data to better understand what the data is telling us.

Children identified at risk of CSE:	High risk	20
	Medium risk	134
	Low risk	72
Numbers of missing children (Total Episodes)		1,577
Number of children going missing 3 times in 90 days		201
Number of missing children linked to CSE		10
Number of children victim to trafficking offences		12

The direct work with young people helps to evolve our understanding of the model of CSE most commonly seen in Portsmouth and the types of grooming activity employed. This information is used to inform the training that is delivered by the PSCB and shared with partner agencies to help support their identification of victims and disruption activity in Portsmouth.

The most common primary model of CSE identified amongst the young people engaging with the U-Turn Service is peer on peer exploitation (48%), followed by internet exploitation model (22%) and closely by boyfriend/girlfriend model (20%). Internet exploitation features in many cases as a secondary model of exploitation or young people have been identified as vulnerable to this, and therefore online safety features in all support programmes

The link between sexual exploitation and trafficking needs to be better understood. So that as soon as a young person is moved for the purpose of sexual exploitation it is recognised that this is then trafficking and a National Referral Mechanism (NRM) and Independent Child Trafficking Advocate (ICTA) referral is completed so that all appropriate support is available to the child.



## Missing Children

A missing toolkit has been developed to improve practice around children missing from home or care. The toolkit provides the workforce with process maps on the appropriate response for when a parent/carer reports a child missing and there are also clear instructions on who is responsible for undertaking the return interview with the child. The toolkit is closely linked to the PSCB Thresholds Document, so that where the risks to the child are thought to be high then a strategy meeting will be convened to address the risks are and how best to mitigate the ongoing concerns. Similarly when a child is reported missing 3 times in a 90 day period a child protection investigation will be commenced.

In March 2016, new Government guidelines were implemented requiring children to be offered a return interview within 72 hours of being returned home, whereas previously these were to be completed within 5 working days. Previously all return interviews were completed by the Miss-U Service, a service commissioned by Portsmouth City Council. In order to meet this increased demand following these revised timescales a new approach has been adopted, whereby any children open to Children's Social Care will have their return interview completed by a Social Worker and the Miss-U Service offers return interviews to those not known to or not currently open to Children's Social Care.

When return interviews are completed, the worker will also be alert to whether the child is at risk of sexual exploitation and if suspected a CSE risk assessment will be completed.

Return interviews are assessed to consider the 'push' and 'pull' factors that were evident in the missing episode, and these are analysed to consider whether any trends are emerging. The issue that is identified in the majority of return interviews as a pre-cursor to the missing episode is arguments at home, relationship difficulties in the second most frequently cited 'push' factor.

## Child Trafficking

The Independent Child Trafficking Advocacy (ICTA) Service delivered by Barnardo's launched on 30<sup>th</sup> January 2017. Portsmouth is part of the early adopter site of Hampshire County and to date has received to date 56 referrals, 29 of these have been from Portsmouth. The ICTA Service is the statutory provision for the next 2 years with the Home Office contract of specialist support as there is now the duty to notify in line with the Modern Slavery Act.

There is a growing understanding that trafficking can be both internal and external, yet there appears to be a gap in identification at the moment, with few internal trafficking cases being identified. The training offer around trafficking this year will be reviewed to ensure that it covers new developments in legislation, understanding and provision.

## Unaccompanied Minors

Between April 2016 and March 2017, 39 unaccompanied minors (UAMs) were located in Portsmouth and subsequently accommodated by Portsmouth City Council. The number has significantly increased over the last four years, from just 9 in 2012-13.

The table shows the breakdown of sex, age and ethnicity of UAMs arriving in Portsmouth.

The Local Authority has continued to develop targeted services with Barnardo's, the Red Cross and the Salvation Army so as to promote inclusion and community cohesion.

It is interesting that the largest cohort of unaccompanied minors continue to be Albanian - albeit that this seems to be reducing (43% 2015/16 to 26% 2016/17). A pattern of missing behaviours is emerging with this cohort of young people and this is currently under investigation so as to consider the connections between these young people - pre and post accommodation by Portsmouth City Council.

Sex		Age		Ethnicity	
Male	38	10	1	Afghan	4
Female	1	13	1	Albanian	10
		14	4	British	1
		15	3	Eritrean	1
		16	15	Iranian	2
		17	14	Iranian Kurd	3
		18	1	Iraqi	3
				Iraqi Kurd	7
				Libyan	1
				Not Recorded	2
				Sudanese	3
				Syrian	2
Total	39	Total	39	Total	39

## Private Fostering

A privately fostered child is defined as 'a child who is under the age of 16 (18 if disabled) and who is cared for, and provided with accommodation, by someone other than:

- the parent
- a person who is not the parent but who has parental responsibility, or
- a close relative defined in this context as a brother, sister, aunt, uncle, grandparent or step-parent.

A child who is looked after in their own home by an adult is not considered to be privately fostered. Children who are privately fostered are amongst the most potentially vulnerable and the Local Authority must be notified of these arrangements.

Information collected locally mirrors the national situation in relation to low notifications and reports rarely coming from parents. Portsmouth have invested in a full time Private Fostering Social Worker to coordinate activity and increase the marketing "reach".

There were 25 young people subject to private fostering arrangements between 1<sup>st</sup> April 2016 and 31<sup>st</sup> March 2017 which is a significant increase on previous years. Twenty Four of these were new notifications. At the end of March 2017 there were 7 open private fostering cases. Of the current Private Fostering Arrangements 10 people with parental responsibility made a financial contribution to the placement..

In all cases the child was visited within 7 working days of receipt of notification of the arrangement and additionally throughout the year on a six monthly basis, and an annual review was required in only one case. The notifications were received from a variety of sources, 5 from language schools, 2 from Family nurse partnership, 1 from Gatwick airport, 1 from MASH, 1 from housing and the rest from Locality Teams. This highlights a growing awareness across the partnership.

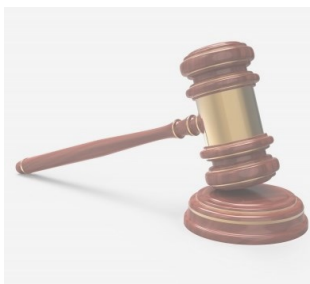
## Female Genital Mutilation (FGM)

What we know from our dataset is that there have been no reported incidents of FGM involving children (under the age of 18yrs). The MASH has received contacts regarding concerns for children of mothers who have been subject to FGM, but following further investigation there have been no substantiated concerns that they are planning for the procedure to be conducted on their child.

The Board has been working with the Police and Crime Commissioner Office for Hampshire, the Isle of Wight, Portsmouth and Southampton to bring together a group of statutory partners along with members of relevant community groups and voluntary organisations to develop a strategy and action plan for increasing community awareness of FGM. The group has recognised that in addressing FGM we need to encourage a community based response to FGM, with support from statutory services in order to build relationships and trust. The group is also considering how we engage with men and boys as well as women and girls; for example, the Gambian Group are made up of a number of open minded men who engage with other men in their community who do not want their daughters to undergo FGM.

During the year the group has reviewed the current support available:

- ♦ The Perineal Repair Clinic provides a service for women who have sustained, significant perineal trauma during childbirth, antenatal women who experienced trauma in their previous pregnancy and are pregnant again and also women who had FGM. Community midwives refer women to the clinic who disclose they have had FGM at their first visit. Depending on the type of FGM, the clinic can advise on the best place for the women to give birth which is often in a midwife led birth centre so reducing the amount of people involved/ made aware of her FGM as this is something women find difficult to talk about culturally. They also discuss the legal implications and all women receive the leaflet in their own language - ***"HM Government, A Statement Opposing Female Genital Mutilation"***. ***Women are advised that the team have a responsibility to refer to the hospital's Childrens Safeguarding Team if a female infant is born to anyone who has disclosed they have had FGM. When Mother and Daughter leave hospital, the Health Visitor is advised that the hospital recorded that she was 'intact'"*** when born, and that information is recorded in the child's medical notes.
- ♦ Counselling services are provided by Solent NHS Trust and, so far, one female had been referred to this service.
- ♦ Southern Domestic Abuse Service (SDAS) have been funded by the Police and Crime Commissioner to engage with affected diaspora communities and, in conjunction with the Red Cross have delivered workshops to the community with Refugees and Asylum Seekers, presenting on subjects including child abuse and domestic abuse. It was recognised that those attending the workshops, did not have an understanding of the law surrounding FGM. The workshops have been well received and as relationships have developed, women attending the workshops have started to encourage other family members and friends to attend. Currently workshops are exclusively for women.



Portsmouth Youth Offending Team (YOT) is a multi-disciplinary which works with young people who commit criminal offences. The team has continued to experience staffing challenges during 2016/17 but following some successful recruitment activity during early 2017/18 should soon be in a stronger position.

As one of the teams within Children Social Care, YOT continues to have a clear link with the safeguarding teams and uses this to seek appropriate advice and make inter-agency safeguarding referrals where appropriate as well as working with some young people as part of their safeguarding plan.

During 2016/17 there was a gradual but significant increase in the number of cases held by the YOT alongside interventions completed.

The YOT and Hampshire Police Triage Decision Making Panel continue to appropriately divert children and young people from the criminal justice system. Between April 2016 and March 2017, 229 discussions were held at the panel with robust and appropriate outcomes reached for each child and young person in every case. In addition police officers used community resolutions in 140 cases.

A small number of young people that YOT worked with completed an e-survey which highlighted some positive feedback for example 83% of responders felt their YOT workers did enough to help them take part in their order. 100% of children reported the YOT helped them feel safer and 100% also felt they had enough of a say in what went into their referral order contract, supervision and sentence plans. 72% of young people understood why they were working with YOT and identified reasons indicating an acknowledgement of their offending.

***The number of First Time Entrants (FTE's) to the criminal justice system has risen considerably during 2016/17 and reasons for this (which are likely to multi-systemic) will be explored during 2017/18.***

Using national data which (for which there is a two year lag) Portsmouth re-offending rates had reduced and have then remained consistent for the last couple of years. They are however higher than for similar local authorities, some of which have managed to reduce their rates. The reasons for this will also be explored during 2017/18. A local tracker is being utilised to try and capture more up to date information.

The Priority Young Person Strategy for those who have been convicted 4 times or committed more than 5 offences in a year has continued to scrutinise the support available to young people in an attempt to reduce or halt ongoing offending. Partner agencies will be reminded of the importance of this meeting during the coming period.

Having somewhere suitable to live is critically important and 95% of young people were in suitable accommodation at the conclusion of their YOT intervention at the end of Quarter 4. This was a rise on the earlier part of the year.

The number of young people who were not in Education, Employment & Training (EET) at the end of Quarter 4 had increased for those who were above school age. For those children highlighted the majority were either the responsibility of other Local Authorities, placed out of the area or in custody/. It is an important area to remain focussed on.

The YOT continues to be an active member of the local Missing, Exploited and Trafficked (young people) operational group. Children can be exploited in a number of ways for example sexually or criminally and this will have an impact on their life chances.

The government has been in the process of considering the Charlie Taylor Report which was commissioned to review the Youth Justice System in England and Wales. Youth Offending Services are awaiting guidance on any changes arising from this.

**The priorities for the youth offending service in Portsmouth for the coming year are:**

- **Timeliness of assessments**
- **Understanding the increase in first time entrants to the criminal justice system**
- **Increasing the use of restorative approaches**
- **Reducing reoffending**





During this year the PCSB Online Safety Implementation Plan has been further developed with the aim of raising awareness of the relevant issues, building professionals' confidence in dealing with children's safety online and encouraging agencies to embed online safety into their ongoing safeguarding practice. The Online Safety Committee was reconvened to support the delivery of this implementation plan.

The PCSB have reappointed an Online Safety Officer who supports the delivery of the training offer, researches good practice, identifies emerging online safety concerns and keep up to date with changes to national guidance. The Officer in turn produces regular newsletters for professionals working with children which updates them on these as well as local good practice and signposting to useful resources.

A training offer has been developed for 2016-17 which includes workshops for schools staff, sessions in Children's Centres to introduce the subject of online safety to parents of pre-school children and a forum for professionals working with children to enable the sharing of good practice.

The Online Safety Officer delivered training in collaboration with Barnardo's at a Portsmouth Schools PSHE event in October 2016 and attended the Hampshire Constabulary Sexting Competition in November. Between January and March 2017 a number of preparatory meetings were held with a range of organisations such as Portsmouth University, Hampshire Constabulary, the Sorted Team and Barnardo's to facilitate the Online Safety Day to be held in June 2017 at Portsmouth Guildhall for all professionals working with young people in Portsmouth. Information from this event will be disseminated via the PCSB website and the Online Safety newsletter.

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## Current Status of Children's Mental Health and Emotional Wellbeing Against (Measured) Public Health Outcomes



The estimated prevalence of mental health disorders in children and young people of school age (5-16 years) in Portsmouth (9.5%) is above the national average (9.2%) and South East average (8.5%). The estimated prevalence of emotional disorders in the same group is 3.6%, which is the same as the estimated percentage for England. Portsmouth has a higher estimated prevalence of conduct disorder in school-age children and young people (5.8%) compared to England (5.6%) and the South East (5%). For all of these estimates Portsmouth does not stand out as being “worse” compared to its comparator areas (using the CIPFA nearest neighbours model).

Whilst the percentage of primary school-age children with emotional and mental health needs in Portsmouth (2.26%) is similar to England and the South East, the percentage of secondary school age children with emotional and mental health needs (3.12%) is significantly higher. It is also significantly higher compared to a number of its comparator areas.

15.6% of school-age children (5-16 years) in Portsmouth report low life satisfaction, which is higher than England (13.7%) and the South East (13.6%), though not (statistically) significantly so. 57.4% of school-age children say that they have been bullied in the past couple of months, which is higher than for England (55%) and the South East (57.3%), but again not (statistically) significantly so. For both life satisfaction and being the subject of bullying, Portsmouth is similar to its comparator areas (again using the CIPFA nearer neighbours model). Whilst this is the case, it is of concern that so many children in Portsmouth have low life satisfaction and are subject to bullying, both of which directly impact their mental and emotional wellbeing.

The percentage of children in Portsmouth aged 5-16 who have been in care for at least 12 months and whose score in the SDQ indicates cause for concern is 38.1%, which is not significantly different to the percentage for England, the South East or its comparator areas.

Nationally, the rate of young people aged under 18 being admitted to hospital as a result of self-harm is increasing, and this is also the case in Portsmouth, which saw a sharp increase from 75 presentations in 2013/14 to 168 in 2015/16. The admission rate for self-harm in 2013/14-2015/16 is significantly higher than England. Admissions for young adults (i.e. up to 24 years) are also high. It is possible that some of the reason for the sharp increase is due to improved A&E data coding and changes in clinical protocols, though at least part of the observed rise in the occurrence of self-harm locally (and nationally) is likely to reflect a true increase in self-harming behaviour, which is of concern. 94% of all QAH self-harm attendances in those aged under 18 years occurred in those aged 14 years and above (and 82% in those aged 15 years and above). It is important to note that self-harm presentations to healthcare services also only represent a fairly small percentage of all self-harm.

There have been 6 deaths due to suicide and injury/poisoning of undetermined intent in children and young people aged between 15 and 19 years in Portsmouth between 2007 and 2016.

In relation to measured protective factors (i.e. which can prevent or reduce poor mental and emotional health), Portsmouth is doing well on GCSE educational attainment, and less well on school readiness for those children (at the end of reception) that receive free school meals. In relation to risk factors (i.e. which can contribute to poor mental and emotional health), Portsmouth has higher rates of: looked after children; children in need due to socially unacceptable behaviour; school absence (half days); and first-time entrants to the youth justice system. Portsmouth also has high percentages of 16-18 year olds not in education, employment or training, and 15 year olds with a long-term illness, disability or medical condition diagnosed by a doctor.

To note: The information relates to data recorded for and between 2014/15 and 2016 (varies for each measured outcome).

## Current Status of Children's Mental Health and Emotional Wellbeing Against (Measured) Public Health Outcomes

**Early help emotional and wellbeing service:** U Matter has been operational since January 17 and is proving to be a vital source of support for young people and families. The service is delivered by Relate and is commissioned by Portsmouth CCG. The service supports children, young people and their families by building resilience and improving emotional wellbeing by providing targeted therapeutic counselling and opportunities for young people to support other young people through peer support/mutual aid. The service is experiencing high demand and is currently exploring different ways to manage demand, working with commissioners and partners.

**Child and Adolescent Mental Health Service:** CAMHS are experiencing unprecedented and continuing demand this year, which is true of other CAMHS services both regionally and nationally. The demand for Autistic Spectrum Disorder (ASD) assessments has seen a particular rise this year compared to last year with a 100% increase. Despite the rising demand, our local CAMHS service continues to deliver a high quality responsive service in a timely way to children, young people and their families.

**Children and young people mental health needs assessment (draft):** This health needs assessment will inform decision-making on priority needs, gaps and areas for development in relation to mental health and children and young people.

**Mental health and emotional wellbeing workshops:** A recent workshop was also held to support the identification of needs and gaps across the system (i.e. health, social care, education). This highlighted the following as areas that would benefit from further focus: conduct disorder; behavioural issues; sleep disorder; bereavement and loss; self harm; support for Primary Age children i.e. 5 – 11; transition; autism.

**Strategy for wellbeing and resilience in education:** Considerable stakeholder consultation, particularly with schools, was undertaken to inform and develop this strategy. A multi-agency stakeholder working group has been established to oversee and deliver the strategy. Key areas of focus for schools will be:

- Recognising the value and impact of mental health in children and young people and how to provide an environment that supports and promotes resilience.
- Promoting good mental health to support children and young people and educate them about the possibilities for effective and appropriate intervention to improve wellbeing.
- Identifying mental health problems early in children and young people and offer support where appropriate.
- Referring appropriately to more targeted and specialist support.

**Self-harm health needs assessment:** The needs assessment has been completed and a set of draft recommendations presented to the Portsmouth Children's Safeguarding Board. A meeting has been convened to discuss and prioritise the recommendations, and to use the recommendations to inform an Action Plan. Work is already underway in relation to a number of the recommendations, including on the self-harm service pathways (i.e. QIPP - quality, innovation, productivity, prevention - work-stream and the new associated red/amber/green assessment tool for young people).

**Suicide Prevention Strategy:** This strategy is currently being developed by the Portsmouth Suicide Prevention Action Group (informed by the Suicide Audit in addition to other resources and sources of expertise), and will be agreed by the end of 2017.

**Training:** *Connect 5* training is being rolled out to front line-staff, including those in contact with children and young people. The training is designed to increase the confidence and core skills of front line staff so that they can be more effective in having conversations about mental health and wellbeing, help people to manage mental health problems and increase their resilience and mental wellbeing through positive changes.

## Current Status of Children's Mental Health and Emotional Wellbeing Against (Measured) Public Health Outcomes

### Future Work

Work that will be undertaken in the remainder of 2017 and in 2018 includes:

- Review of the support offer for young people/families with behavioural related issues that don't meet the criteria for CAMHS services. The purpose of the work is to understand the need, map out the current support offer which will then reveal the gaps in provision.
- Completion and sign-off of the Suicide Prevention Strategy.
- Implementation of the Suicide Prevention Strategy.
- Development and implementation of the Self-Harm Action Plan.
- Supplementary analysis for the health needs assessment on mental health in children and young people in Portsmouth – to include the identification of need outside of the healthcare setting.
- Continuation of the roll-out of key training to front-line staff.



<sup>3</sup>Public Health England. 2017. Children and Young People's Mental Health and Wellbeing. See: <https://fingertips.phe.org.uk/> Uses 2015 data.

<sup>4</sup>Public Health England. 2017. Children and Young People's Mental Health and Wellbeing. See: <https://fingertips.phe.org.uk/> Uses 2015 data.

<sup>5</sup>Public Health England. 2017. Child Health Profile: School-Age Children. <https://fingertips.phe.org.uk/profile-group/child-health/profile/child-health-school-age> Uses 2014/15 data.

<sup>6</sup>The SDQ score is generated from a behavioural questionnaire which measures a range of emotional difficulties including: conduct problems; hyperactivity, inattention as well as positive behaviour. See Department for Education. 2012. Guidance On Data Collection On The Emotional Needs of Looked After Children.

<sup>7</sup>Public Health England. 2017. Children and Young People's Mental Health and Wellbeing. See: <https://fingertips.phe.org.uk/>

<sup>8</sup>Portsmouth self-harm health needs assessment – 2016-17. Dr James Morris, Public Health. Can be requested from [Amy.McCullough@Portsmouthcc.gov.uk](mailto:Amy.McCullough@Portsmouthcc.gov.uk)

<sup>9</sup>2007-2012 Primary Care Mortality Database (ONS & NHS Digital) and Portsmouth 2013-2016 Suicide Audit (Public Health document).

<sup>10</sup>Public Health England. 2017. Children and Young People's Mental Health and Wellbeing. See: <https://fingertips.phe.org.uk/>



# The Child's Journey

## Early Help

In Portsmouth, prevention and early help is about enhancing the capabilities of every parent to provide a positive and supportive environment for their children to grow up in.

Some families may have needs which will require additional support - early help - to enable them to reach their full potential. At different times families may present with different levels of need, which might require limited support or more intensive support depending on need.

With the introduction of multi-agency co-location in three localities across the city - the north, centre and south - the early help offer to children and families has been strengthened. Through the Stronger Futures Strategy, led through the Children's Trust, agencies working with children and families have agreed:

1. To adopt a restorative approach
2. To utilise specialist/expert knowledge through a team around the worker model, rather than referring families on to one service after another.
3. To intervene for only as long as is necessary for families to effect positive change that can be sustained for their stronger future.

The aim of our early help offer in Portsmouth is to provide support to help families find their own sustainable solutions. Once improvement is made services will reduce or end so as to not create dependence.

We have developed a simple outcome-focused framework to determine the effectiveness of our early help work.

- Improved health, safety and education
- Secure accommodation and employment
- Reduced instance of crime, anti-social behaviour and domestic abuse

Key to our approach is to utilise a range of interventions from universal services, volunteering, family conferencing and targeted support.

Between April 2016 and March 2017 we were able to work with 858 families through the Troubled Families Programme. Success of this has meant that we have embedded this into a broader offer.

## Multi-Agency Safeguarding Hub

The Portsmouth Multi-Agency Safeguarding Hub (MASH) was established in November 2015. It is the multi-agency front door that manages child safeguarding concerns and determines an appropriate response for the City of Portsmouth. The PSCB Threshold Document is used as guidance for the management of all contacts through the MASH

### Multi-agency membership:

**Children's Social Care** = 1 Service Leader, 2.5 Team Leaders, 5 Social Workers, 1 Business Support Team Leader and 5 Business Support staff

**Police** = 1 Detective Inspector, 2 Sergeants and 7 Community Safety Administrators

**Health** = 1 Solent NHS Trust Health Visitor and 1 Health practitioner (employed through CCG)

**Education** = 1 Teacher and 1 Early Years Practitioner

**Other** = 1 Probation Worker 0.5 FTE, 2 IDVA and 1 Youth Worker

# The Child's Journey

## Multi-Agency Safeguarding Hub

The MASH process continues to allow for a senior social worker to oversee the allocation of all work and to endorse the recommendations from the multi-agency team for response.

In this financial year April 2016 - March 2017 contact numbers averaged 971 per month. Interestingly, the numbers of contacts were higher in Q1 and Q2 than Q3 and Q4, but overall higher than the previous years. This follows an upward trend over the past five years.

The initial response decision to contacts can be seen in the table below. Contacts reduced following the launch of the revised threshold document in November 2016, suggesting that there is now a better understanding of thresholds across the workforce.

### **Initial decision following contact to the MASH:**

Alongside the revised threshold document, locality network meetings have also been implemented. These meetings provide a forum to discuss issues, including children and families causing concern and this may be assisting with the better application of threshold across the workforce.

The police remain the highest source of contact into the MASH with an average of 50% of contacts each month. The remaining 50% come from Health (approximately 10%), Education (approximately 10%) with the remaining 30% made up of family and all other agencies.

There have been two multi-agency audits of the MASH activity during this time period. The conclusions of these were that consent was being consistently gained and threshold was being appropriately applied. However, there is a need to ensure the MASH is resourced appropriately, having the right number of staff from the key agencies with the appropriate support.

In addition to the formal audit there have been two Peer Reviews (reflecting on CSE and PREVENT) carried out within the Children, and Families Service and both have highlighted the MASH as a well functioning process.



# The Child's Journey

## Children in Need, Children Subject to Protection Plans and Looked After Children

This year children's social care experienced an increase in demand for social work support - particularly in relation to adolescents. Between April 2016 and March 2017 78 referrals were made to Children and Families Services. An increase of 18% with the number of adolescents rising by 21%. At the end of March 2017 there were 833 children in need, 242 subject to child protection plans and 358 looked after children (including 45 unaccompanied asylum seeking children).

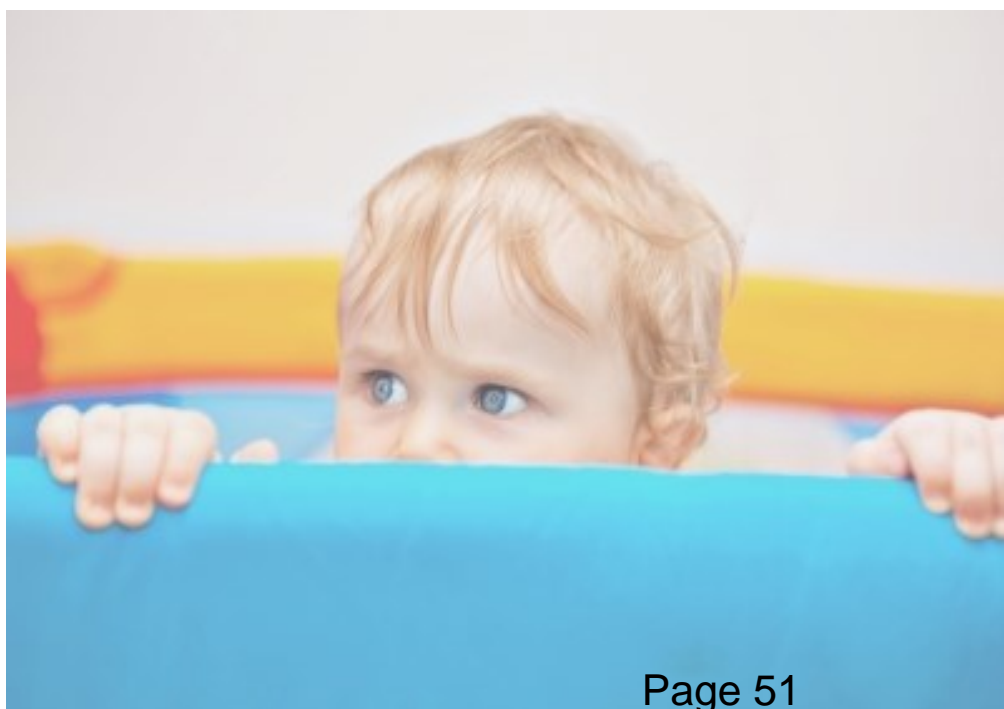
Audits within social care continue to evidence good practices in assessment and care planning and the social work teams continue to demonstrate good performance outcomes against key indicators - egg timeliness of assessments, timeliness of child protection conferences and timeliness of reviews.

Last year the children's social care teams supporting children in need and children subject to protection plans were organised into three locality areas of Portsmouth - the north of the city, centre and south of the city. Social workers now sit alongside health visitors, school nurses and family support workers to provide a seamless service across targeted early help and statutory provision for children and families. Police neighbourhood teams and school clusters are organised across the same locality boundaries which is improving joined-up multi-agency working.

Children's social care have continued to take a lead role in activity to reduce the instances of children going missing and manage/reduce risks associated with exploitation and trafficking. The council led a scrutiny review of work with children at risk of exploitation and a peer challenge was also facilitated; both activities noting the positive work undertaken by social workers. The recommendations for the partnership will be reflected in the updated missing, exploited and trafficked strategy.

Children's social care has continued to facilitate participation events for children, carers and staff so as to promote involvement in the design and delivery of services. The Children in Care Council has been working on a number of projects this year -including a digital application for key documents used through smart devices and an innovation bid for staying close to residential care. During 2016/17 the number of children aged five or older participating in child protection conferences increased to 86%, whilst participation in looked after children reviews has remained high at 87%.

In relation to looked after children, the numbers of unaccompanied asylum seeking children coming into Portsmouth has remained high. Thirty nine unaccompanied minors arrived between April 2016 and March 2017; nine more than last year. This is putting significant pressure on the system and a regional response is being sought.



The Foster Portsmouth brand continues to be strong and the pool of local foster carers remains high - meaning we only have 14% looked after children placed more than 20 miles away. The Corporate Parenting Strategy will need to be refreshed in accordance with the additional duties outlined in the Children and Social Work Act 2017.

# Allegations Against Adults Working with Children

The Local Authority Designated Officer (LADO) is responsible for managing and overseeing allegations made against adults working or volunteering with children. Working Together to Safeguard Children (2015) and Keeping Children Safe in Education (2017) set out the framework for how the LADO role is delivered and the policy document is available on the PSCB website.

Notifications need to be made to the LADO within one working day of a manager becoming aware of an allegation or concern of a safeguarding nature regarding a person working or volunteering with children.

This framework for managing allegations should be used in respect of all cases in which it is alleged that a person who works with children has:

- behaved in a way that has harmed a child, or may have harmed a child;
- possibly committed a criminal offence against or related to a child; or
- behaved towards a child or children in a way that indicates s/he would pose a risk of harm to children.

The number of notifications to the LADO during 2016-2017 has increased by 20% from the previous year with 180 notifications being received. These were in relation to staff working in the following agencies:

Children's Social Care	9
Schools	81
Early Years	17
Faith Groups	3
Police	3
Health	11
Foster Carers	17
Childminders	3
Adults	1
Other	35
<b>Total</b>	<b>180</b>

There has been 53% increase in the number of notifications made regarding school staff, 29% increase in notifications against CSC and 27% increase in notifications against Health staff this year. Other areas of increased notifications include Police and Faith Groups, but numbers remain low. Reported allegations against Foster Carers and Early Years staff have slightly decreased this year.

LADO meetings are chaired by the LADO and held as soon as possible and within two days if a child or children are at risk of harm. This timescale has been met in 83% of cases. A designated minute taker is present at the meeting and minutes are sent out within 5 working days. This timescale has been met 83% of the time.

The outcomes of the allegations in the 180 cases were:

Substantiated	17	9.5%
Unsubstantiated	23	13%
Malicious	8	4.5%
Unfounded	1	0.5%
False	9	5%
Advice only / not reached criteria	99	55%
Transferred to another Local Authority	15	8.5%
Transfer to Designated Adults Safeguarding Manager	1	0.5%
On-going	7	3.5%

Keeping Children Safe in Education (2015) states that 90% of cases should be resolved within 3 months. In the twelve month period 87% of cases were resolved within 3 months. It is further guidance that 80% of cases should be resolved within one month, and current data estimates this is being achieved in 77% of cases.

Further detail and information is available within the Management of Allegations Annual Report which will be presented to the PSCB on 18<sup>th</sup> October 2017.

Notification forms can be found on the PSCB website. If you wish to discuss a matter with the LADO, they can be contacted on 0239882500 or email [LADO@portsmouthcc.gov.uk](mailto:LADO@portsmouthcc.gov.uk)



# What Happens when a Child is Seriously Harmed or Dies

## Serious Case Reviews

Local Safeguarding Children Boards are required to consider holding a Serious Case Review (SCR) when abuse or neglect is known or suspected to be a factor in a child's death or when a child has been seriously harmed and there are concerns about how professionals may have worked together.

The PSCB did not commission or publish any SCRs during 2016-17. The Board have completed a SCR which was commissioned following the unexpected death of an infant in 2014. The review of agencies involvement with this child has been completed, but the publication of the report has been delayed by the need to take account of parallel processes (e.g. legal proceedings). The partnership have progressed with implementing their actions plans and the Case Review Committee is monitoring the impact of these. The report will be published once court proceedings are completed

**In addition the PSCB is committed to undertaking smaller scale reviews where the case does not meet the criteria for a Serious Case Review but it is considered that there are lessons for multi-agency working to be learnt.**

During 2016-17 three cases were brought to the attention of the Case Review Committee for discussion. All agencies involved with the child and family are asked to provide a summary of their involvement. It is encouraging that in all of these cases there were examples of effective multi-agency working, such that none met the criteria for a SCR or required a partnership review.

A summary of the discussions of the cases are circulated to all participating agencies for dissemination to support learning and highlight good practice. In two of the cases where it was recommended single agencies have conducted a more thorough review of their practice and reported to Case Review Committee on the result of these reflections to ensure that any learning is disseminated more widely.

Some examples of how this learning has impacted practice are:

- Following a case referred by Hampshire Constabulary a scoping exercise by the committee and a reflective practice meeting with relevant professionals who'd worked with the child and her family was carried out. The conclusion of the Reflective Practice meeting was that the child was responded to at an appropriate level by the services involved in her care. However, the focus was on the child's health and emotional wellbeing and fear for their life with regard to her management of her long term health condition. This resulted in agencies not understanding the risk of CSE and potentially action taken to prevent the child from being exploited. As a result the Board have adopted the shortened CSE risk assessment tool developed by NHS Wessex, and Portsmouth CCG's Safeguarding Team have disseminated this across primary care settings, Solent NHS Trust and Portsmouth Hospitals Trust. the team raised awareness of CSE in health services and promoted the use of this tool in health by rolling out a programme of 'train the trainer' events.
- A case referred following a charge of Coercive Control being brought against a mother following her behaviour towards her daughter has led to the PSCBs Case Review Committee agreeing with Portsmouth Safeguarding Adult Board, that regular joint meetings would be held with their Safeguarding Adults Review Committee. The purpose of this is to allow better information sharing, joint learning events with those who'd worked with both the child and the adult and a more planned dissemination of the findings to both the children's and adults workforce.

## The Portsmouth Child Death Overview Panel

Since April 1st 2008, Local Safeguarding Children Boards (LSCBs) in England have had a statutory responsibility for the child death review process.

The Child Death Overview Panel (CDOP) is the inter-agency forum that meets quarterly to review the deaths of all children normally resident in Portsmouth. It is a subcommittee of the Portsmouth Safeguarding Children Board (PSCB) and is therefore accountable to the PSCB Chair. The Portsmouth CDOP now has a new chair, the Deputy Director of Quality and Safeguarding, NHS Portsmouth CCG, following the retirement of the previous chair.

# What Happens when a Child is Seriously Harmed or Dies

Until 2015 PSCB partnered with Hampshire, Southampton and Isle of Wight Safeguarding Children Boards to form a single CDOP. However, following a review of these arrangements by the Independent Chairs each of the four LSCBs now has its own CDOP arrangements but on the two principles:

- Each LSCB works to the same Rapid Response procedures, as well as standard CDOP forms, across the four areas. There will be shared learning and data sharing on a minimum annual basis to ensure that any common themes and emerging trends are identified
- The four CDOPs will continue to produce one annual report, that will be managed by Hampshire CDOP and will be available on the 'about us' page of the PSCB website when published

The purpose of the CDOP Process is to determine whether a death was deemed preventable, that is one in which there are identified modifiable factors which may have contributed to the death. These are factors defined as those, where, if actions could be taken through national or local interventions, the risk of future child deaths could be prevented. If this is this case the panel must decide what, if any, actions could be taken to prevent such deaths in future.

During 2016-2017 there were a total of 11 deaths of children who were resident in Portsmouth notified to the CDOP.

The CDOP met 4 times during 2016/17 to discuss 12 child deaths in Portsmouth (one death was from 2014 and some of the deaths reviewed occurred in 2015/16). The breakdown of these figures is as follows:

- Children 0-4 years = 8
- Children 5-17 = 4
- Over two thirds of the children were female
- Of the 12 cases reviewed by the Portsmouth panel, 2 had modifiable factors and these have subsequently been addressed

There were no themes or trends connected to the deaths and there are currently no outstanding cases to review.

**If during the process of reviewing a child death, the CDOP identifies: an issue that could require a Serious Case Review (SCR); a matter of concern affecting the safety and welfare of children in the area; or any wider public health or safety concerns arising from a particular death or from a pattern of deaths in the area, a specific recommendation is made to the relevant LSCB.**

During 2016-17 there were no recommendations made to the LSCBs regarding the need for a serious case review. There were additional recommendations to agencies though. One of the cases reviewed included an ongoing Serious Case Review of a child who died in December 2014. This was one of the cases with modifiable factors. Unfortunately the process was delayed as there was a requirement for court proceedings to be finalised before the case could be reviewed. The review prompted the revision of the local Unborn/Newborn Baby Protocol to incorporate risks associated with concealed pregnancy. The protocol has now been updated and made available to the wider workforce.

Another of the cases reviewed highlighted the need for the Rapid Response process within Portsmouth to be reviewed and refresher training delivered. This is now being considered by the panel with an aim of completing this within the year.

The panel also identified the inconsistent quality of the feedback from agencies. To ascertain the full picture and identify actions that may be required an audit is underway. The findings will be communicated to the workforce highlighting the importance of including all the information an agency holds regarding a family.

Bereavement training and support for professionals working with a family or sibling affected by the death of a child is also being considered. The panel is also investigating the support offered to all family members following the death of a child to assure this is consistent and appropriate.



# Agenda Item 5

**Report to:** Cabinet

**Subject:** Special Educational Needs and Disabilities (SEND)  
Implementation Grant 2018-19

**Date of meeting:** 16<sup>th</sup> March 2018

**Report from:** Alison Jeffery, Director of Children, Families and Education

**Report by:** Julia Katherine, Head of Inclusion

**Wards affected:** All

**Key decision:** No

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## 1. Purpose of report

- 1.1 The purpose of this report is to seek agreement to allocate the Special Educational Needs (SEND) Reforms grant for 2018-19 plus the additional Preparation for Employment grant.
- 1.2 The SEND Reforms grant funding allocated to Portsmouth for 2018-19 is £118,648. This is not ring fenced and therefore Cabinet approval is required in order to allocate this grant to the Education portfolio to support the continued implementation of the SEND reforms.
- 1.3 This funding will be used to continue to fund the additional staff who have been recruited to carry out the transfer of existing statements and learning disability assessments to education health and care plans, as specified in the new special educational needs and disabilities legislation (Children and Families Act 2014), and to continue to embed the SEND reforms in order to improve services for children and young people with SEND and their families.
- 1.4 Additional funding has been allocated to enable all local authorities to establish local supported internship forums and train more job coaches. Portsmouth has been allocated £46,888 for this purpose. It is planned to use this to fund a one-year fixed term post to work in partnership with neighbouring local authorities to establish the forum, to provide training for job coaches and to support colleges to increase the numbers of high quality supported internships

## **2. Recommendation**

### **2.1 Cabinet is recommended to approve the allocation of the:**

- **SEND reforms grant of £118,648 in 2018-19 to the Education portfolio;**
- **Preparation for Employment grant in 2018-19 to the Education portfolio.**

## **3. Background**

- 3.1 New legal duties came into force in September 2014, through the Children and Families Act to reform the way support is provided for children and young people with special educational needs and disabilities (SEND). The aim of these SEND Reforms is to improve outcomes for children and young people with SEND and to enable them to achieve their potential and live happy and fulfilled lives.
- 3.2 The Act places the views, wishes and aspirations of children, parents and young people at the heart of the system and requires a culture change in the ways in which professionals work with families and with each other.
- 3.3. Portsmouth has made good progress in implementing the SEND Reforms. Transitional arrangements are in place for completing the transfer of the majority of SEN statements and learning disability assessments to education, health and care plans by April 2018.
- 3.4 In Portsmouth there are currently 1211 children and young people with education health and care plans, with an additional 167 statements still to be transferred. In addition to the transfer of existing statements, in 2017 there were a further 217 new statutory education health and care needs assessments. All transfers and new assessments are completed over a 20 week statutory time period.
- 3.5 The council has utilised the allocated 2017/18 funding to employ additional staff on fixed term contracts within the SEND team to work with families, schools, colleges and early years settings to co-ordinate these statutory, multi-agency assessments and write the new education health and care plans.
- 3.6 In November 2017, the government announced that there would be SEND reforms grant funding allocated to all local authorities in 2018-19, in recognition of the need to:
- complete the transfers of all statement to education health and care plans,
  - further embed all aspects of the reforms in partnership with schools, colleges and early years settings,
  - continue to improve the quality of education health and care plans,

- continue to improve the experience of the needs assessment process for families.
- 3.7 It is proposed to use this funding to extend to March 2019 the fixed term contracts of the staff who have been taken on to deliver the transfers of statements to education health and care plans, including attending co-production meetings with families and person-centred annual reviews. The total cost of 2x Band 8 and 1x Band 6 posts is £106,988.
- 3.8 Should the employment costs not be fully required due to staff turnover, appointment delays, etc. then this would be redirected to support the ongoing workforce development to further embed the reforms across education, health and care.
- 3.9 Additional grant funding of £46,888 has been allocated in 2018-19 to enable the establishment of a supported internship forum and to train more job coaches. It is proposed that this amount is used to establish a one-year fixed term post to provide support for colleges across the travel to learn area to increase the number of supported internships and to provide training for job coaches, working closely with neighbouring local authorities to improve the pathways in to employment for young people with SEND.

#### **4. Reasons for recommendations**

- 4.1 The work that has taken place in Portsmouth to implement the SEND Reforms has been effective so far, but the reforms represent the biggest change to practice in this area of work for the past 30 years and further work is required to embed the new statutory duties and whole scale system change set out in the Children and Families Act 2014 as business as usual.
- 4.2 The DfE is continuing to monitor closely the way that local authorities are using the grant funding allocated to ensure full compliance with the new legislation.
- 4.3 Implementation is subject to a new local area SEND inspection by Ofsted and CQC.

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

- 5.1 An EIA is not required for this report as the SEND reforms and recommendations will not negatively impact on any of the equality strands.

#### **6. Legal implications**

- 6.1 The new statutory duties of local authorities and schools in relation to the support of children and young people with SEND, introduced by the Children and Families Act 2014 and currently in the process of implementation, are referred to in section 3 of the report.

- 6.2 The two elements of central government grant funding identified in the recommendations are provided under Section 31 of the Local Government Act 2003 and are to be expended for the purposes described in the respective grant determinations.

## **7. Director of Finance Comments**

- 7.1 The purpose of the SEND Reform grant is to support local authorities with the additional costs associated with the implementation of the SEND reforms, however it is not ring fenced. The grant allocation to Portsmouth for 2018-19 amounts to £118,648 following earlier instalments.
- 7.2 Due to the time limited nature of the grant, and the previous uncertainty over continuation into 2018-19, additional posts had been recruited to on a fixed term basis. This allocation would allow those posts to be extended.
- 7.3 Additional funding, also not ring fenced, has been provided to develop and improve pathways to employment for young people with SEND.
- 7.4 The spending proposals identified within this report cannot be accommodated without the allocation of the grant to these activities

Signed by: Alison Jeffery, Director of Children, Families and Education

### **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:

<b>Title of document</b>	<b>Location</b>

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

.....  
Signed by:



<b>Title of meeting:</b>	Cabinet Full Council
<b>Date of meeting:</b>	16 March 2018 (Cabinet) 20 March 2018 (Council)
<b>Subject:</b>	Health and Wellbeing Strategy refresh, 2018-2021
<b>Report by:</b>	Jason Horsley, Director of Public Health
<b>Wards affected:</b>	n/a
<b>Key decision:</b>	No
<b>Full Council decision:</b>	Yes

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## **1. Purpose of report**

- 1.1 To present to the Cabinet the Health and Wellbeing Strategy for 2018-2021 for approval.

## **2. Recommendations**

- 2.1 The Cabinet is recommended to:
- a. Approve the Health and Wellbeing Strategy attached at Appendix 1.

## **3. Background**

- 3.1 There is statutory duty on local Health and Wellbeing Boards to produce a strategy for the Health and Wellbeing of their population, which should be adopted by the partner organisations. At the last meeting of the Health and Wellbeing Board, a document was approved by the Health and Wellbeing Board, with the recommendation that this is adopted by partner organisations.

## **4. Reasons for recommendations**

- 4.1 The Health and Wellbeing Strategy needs to focus on the highest impact issues for the city, and the areas where the work of the Health and Wellbeing Board can add maximum value.
- 4.2 A draft consultation document was issued in December that reflected previous decisions that:



- our overarching aims should be to improve healthy life expectancy in the city; and reduce inequality by improving the areas with lowest expectancy fastest
- we do this by working to principles around promoting prevention, supporting independence and intervening earlier
- that the strategy needs to work on all dimensions of the city in a whole systems approach
- that broad themes are supporting physical good health, supporting social, emotional and mental health, working to improve outcomes for marginalised groups fastest; and improving access to services.

## **5. Feedback from consultation**

5.1 Over 80 responses were received in response to consultation. Most responses were made by individuals rather than on behalf of organisations. Organisations represented include:

- Healthwatch
- Portsmouth College
- Portsmouth Hospitals Trust - maternity
- North End Baptist Church
- Safer Portsmouth Partnership
- NHS Property
- Portsmouth CCG (ICS)
- Wessex Cancer Trust
- Adult Social Care, PCC
- Stroke Association
- Milton Neighbourhood Forum
- Home of Comfort Nursing Home
- The Roberts Centre
- The Society of St James
- Portsdown U3A
- Regeneration Directorate, PCC
- Public Health, PCC
- Vivid Housing
- Tackling Poverty Steering Group

5.2 There was strong agreement that the four priorities that had been identified felt correct for Portsmouth's strategy. Key comments in relation to the general priorities were that:

- There needs to be a greater reflection of the importance of economic good health because it is so important for overall wellbeing
- We need to come alongside communities, with their skills and aspirations, and look at 'what is strong rather than what is wrong'.
- Look at how the voluntary and community sector can work alongside the statutory services and organisations to deliver services and build better understanding.

- Ensure the wider determinants of health are integrated into commissioning plans - 'somewhere to live, someone to love and something meaningful to do.'

- 5.3 In relation to Priority 1 - Physical Health, there was strong agreement that this is an important priority, and agreement about the themes of preventing the harms from tobacco and increasing physical activity. However, there was also a sense that the overarching theme needed to be "reducing obesity" or "encouraging healthy weight" with physical activity and diet/nutrition as the enablers to that aim. There was also feedback about the importance of starting early with support to children and families.
- 5.4 Commentary around Priority 2 - Social, emotional and mental good health suggested that there was strong support that the right priorities had been identified, although the question was posed if issues related to addiction (including substance misuse) would sit better linked to tobacco and physical health. Many respondents picked up on the issues that mental wellbeing is influenced by a huge range of factors and that preventing matters arising in the first instance (such as abuse, loneliness and lack of opportunities) is critical to any approach.
- 5.5 In considering vulnerable groups, there was broad agreement that the right groups had been identified but that more needed to be done to reflect issues of homelessness.
- 5.6 In response to the feedback, a number of amendments were made to the draft document, including:
- Inclusion of reference to the children's physical health strategy
  - More emphasis on the issue of homeless as a cause and effect of marginalisation
  - More consideration of issues relating to diet and healthy weight
  - Recognition of the importance of the surrounding environment, picking up issues such as air quality and quality of the public realm
- 5.7 The revised text (attached as Appendix 1) was approved by the Health and Wellbeing Board on 21<sup>st</sup> February 2018, with a recommendation that this should be formally adopted by partner organisations.
- 5.8 An accessible designed version of the document will be produced for wider circulation.

## **7. Equality impact assessment**

- 7.1 A preliminary EIA was completed for the document and concluded that there will be no negative impact on any of the protected characteristics arising from the development of a refreshed Health and Wellbeing Strategy. Any individual projects or measures arising from the strategic approach outlined will be subject to impact assessments in their own right. The preliminary EIA is attached as Annex 2.

## **8. Legal implications**

8.1 Legal implications are set out in the body of the report.

## **9. Director of Finance's comments**

9.1 The work outlined in the strategy will be undertaken using existing staffing resources and will not incur additional costs.

.....  
Signed by:  
Dr Jason Horsley, Director of Public Health

## **Appendices:** **Draft Health and Wellbeing Strategy for consultation**

### **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:

<b>Title of document</b>	<b>Location</b>

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

.....  
Signed by:

# Portsmouth's Health and Wellbeing Strategy 2018-2021

## Introduction

### Developing the draft Health and Wellbeing Strategy

There is a statutory duty on local Health and Wellbeing Boards to produce a strategy for the Health and Wellbeing of their populations. The strategy should inform work that is done to improve health and wellbeing in local areas.

Portsmouth's previous strategy (2014-2017) is wide-ranging and provided a comprehensive overview of health and wellbeing matters in the city. In refreshing this for 2018-2021, we are focusing on the relationships to other work in the city, and on the areas of work that will have the highest impact in the context of the wider system.

We have sought to identify priorities based on the strong evidence we have about the city and the huge range of stakeholder information and feedback that members of the Board have access to. We remain committed to the reduction of health inequalities, by improving outcomes for those in the worst position fastest. We recognise that inequalities can be identified according to where people live, and that this is particularly true in some areas where there are high levels of deprivation and need; but there are also inequalities between genders, ethnicities, ages and abilities that we need to tackle.

In developing the document we have taken account of:

- the most up to date evidence of what is happening around health and wellbeing outcomes in Portsmouth, as summarised in our Joint Strategic Needs Assessment
- an assessment of our progress against the previous strategy
- latest relevant national guidance, strategies and plans
- local strategies and plans
- insight from local residents and communities, including through an open consultation on the draft document.

The strategy will be a critical piece of documentation for:

- Underpinning commissioning decisions: setting a framework for commissioning plans across the NHS, local authority and other agencies in the city
- Influencing decisions: providing a source of evidence and direction for policy and decision making in a wide range of areas across the city, such as development, community safety and education.
- Holding leaders of organisations across the city to account for improving outcomes: the strategy will be reviewed each year and provide a basis for conversations about where we are improving outcomes, and where more needs to be done.

We are consulting on our draft strategy, and the responses to this will be used to shape the final document. We will consult in detail with lead agencies and partnerships to ensure that the work programmes proposed in the strategy are complementary to programmes already underway, and consider where the Health and Wellbeing Board can add additional value to those programmes.

The Health and Wellbeing Board works alongside other partnerships in the city, looking at a range of issues that affect people's lives. Portsmouth's Children's Trust Board will take the lead on issues relating to children and families and education. Similarly, the Safer Portsmouth Partnership will lead on issues relating to violent crime. However, there are some issues with a very specific health and care emphasis, and that cut across areas of work, and these are reflected in the Health and Wellbeing Strategy.

We have some significant challenges to address, but we are confident that by working together we can really make a difference over the next three years.

Health and Wellbeing Board Portsmouth



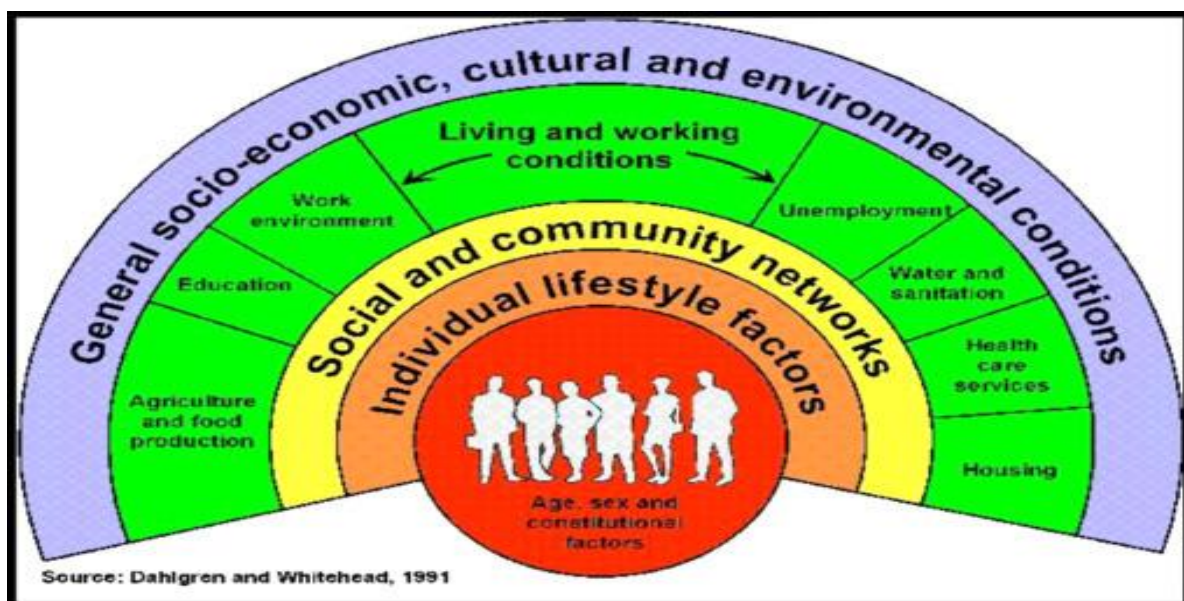
## Portsmouth - in a nutshell and the case for change

Portsmouth is a great waterfront city, home to over 200,000 people, with all the diversity, opportunities and challenges that come with that.

The city has great assets and potential. We have an extraordinary natural environment, world-leading status in industries including marine technology, aerospace and defence, and a vibrant cultural sector. Our university is thriving and respected and we have plans for regeneration of the city, including the development of thousands of homes on the Tipner site to the west of the city.

Despite this, the most recent summary of the Joint Strategic Needs assessment for the city showed that life expectancy in the city is lower than the national averages for both men and women. Main areas of concern for Portsmouth, when considering health and wellbeing data, are educational achievement at 16, high levels of recorded violence against the person (including domestic abuse), premature mortality from cancer, high levels of death from drug misuse and deaths from suicide.

We believe that if the city is to unlock its potential, we need to tackle these issues - and other areas where Portsmouth may be making improvements but is still in a poor position relative to other areas of the country, such as smoking prevalence and smoking-related deaths, and premature mortality from heart disease and stroke. We know that outcomes in health are more than about managing health problems and that the wider determinants of health are critical:



Put simply, people who have good quality and secure jobs and housing in the areas and communities where they have families and social networks stay healthier, feel happier and live longer. In order for them to secure work, homes and relationships, they need a good start in life, support when they have problems, and care when they need it. When these conditions exist, areas are attractive to investors and visitors, creating more opportunities for residents, and more resources that can be directed to support the most vulnerable.

The case for improving health and wellbeing in Portsmouth is clear - unlocking the potential of the city and securing the prosperity it can generate depends on it.



## Our vision and approach

We want to improve healthy life expectancy in the city; and reduce inequality by improving the areas with the lowest expectancy fastest. We will do this by working to principles around:

- Promoting prevention
- Supporting independence
- Intervening earlier

We know that we want to give people the best possible start in life, empower them to live healthy lives and enjoy a healthy older age. In order to do this we will:

- Empower people to take care of their physical health
- Empower people to take care of their social, emotional and mental health
- Work with marginalised groups to make improvements for them fastest
- Improve access to health and social care support in the community

Themes	Priority	What we will do
Improve healthy life expectancy in the city; and reduce inequality by improving the areas with the lowest expectancy fastest		
Support physical good health	Reduce the harms from tobacco and other substances	<ul style="list-style-type: none"> <li>- Implement the Smoke-Free Portsmouth Tobacco control strategy</li> <li>- Tackle the causes of substance and alcohol misuse and work with the Safer Portsmouth Partnership to reduce the harms from substance misuse.</li> </ul>
	Reduce the harms from physical inactivity and poor diets	<ul style="list-style-type: none"> <li>- Ensure wider environmental measures such as open space protection and transport infrastructure are taken to support better quality environments</li> <li>- Implement our citywide approach to physical activity</li> <li>- Implement the wider Healthy Weight strategy, including a focus on education, diet and nutrition.</li> </ul>
	Focus on good physical health in children and young people	<ul style="list-style-type: none"> <li>- Implement the Children's Trust strategy to support the physical health of children, including supporting families and communities.</li> </ul>
Support social, emotional, mental and economic health	Promote positive mental wellbeing across Portsmouth	<ul style="list-style-type: none"> <li>- Develop opportunities to ensure people feel connected to the wider community</li> <li>- Continue to implement the Future in Mind Strategy to transform the approach to child and adolescent mental health</li> </ul>
	Reduce the drivers of isolation and exclusion	<ul style="list-style-type: none"> <li>- Develop and implement the suicide prevention plan</li> <li>- Progress the priorities of the Tackling Poverty Strategy, including providing good quality, sustainable employment opportunities that enable a reasonable standard of living for residents; helping residents to be financially resilient and shaping wider policies and decisions so they reduce the risk of poverty.</li> </ul>
Make improvements for marginalised groups fastest	People with complex needs	<ul style="list-style-type: none"> <li>- Progress programme of activity around complex needs</li> <li>- Develop and implement citywide strategy for street sleeping</li> </ul>
	People in the armed forces community	<ul style="list-style-type: none"> <li>- Complete a detailed needs assessment by Spring 2018.</li> </ul>
	Children and people with special educational needs and disabilities, and their families	<ul style="list-style-type: none"> <li>- Implement the six priorities in the SEND strategy</li> <li>- Implement the four priorities in the Carers' Strategy</li> </ul>
	Looked after children and care leavers	<ul style="list-style-type: none"> <li>- Increase placement stability</li> <li>- Improved educational outcomes</li> <li>- More care leavers in education, employment and training</li> <li>- Improved emotional health and resilience.</li> </ul>
Improve access to health and social care support in the community	Implementation of the Portsmouth Blueprint for health and care	<ul style="list-style-type: none"> <li>- development of the Stronger Futures programme for integrating care services for children, and supporting earlier intervention through a restorative approach</li> <li>- developing integrated locality teams for adults services</li> <li>- developing a multi-speciality community provider model for services in the city</li> <li>- developing a programme for workforce development across the city.</li> </ul>

## How we will deliver and monitor the strategy

Our approach will consider the complete environment in which people live, and the whole range of influences on their lives:



In our work with individuals, we will:

- ensure that people are empowered to take responsibility for their own well-being, transferring responsibility to them wherever possible to self-care and self-manage, to opt for personal budgets and to have a full say in designing and shaping the policies, services and plans that will affect them.
- Ensure we see the whole person and their whole set of issues, consider how these link together and support them to tackle problems holistically.

In our work with communities, we will:

- Take an asset-based approach, recognising the many strengths that already exist in our cities and communities
- Consider community-based ideas and solutions to tackle problems, building on schemes such as community connectors.

In our work with each other, we will:

- Continue to work together on commissioning and delivering services, so that organisational structures and boundaries don't stand in the way of delivering the best solutions, and residents don't experience difficulty in access and navigating services
- Hold each other to account respectfully and supportively for delivering on the objectives in the Health and Wellbeing Strategy.
- Support key partnerships to identify local priorities and deliver long-term sustainable changes to the way we work.

Much of the detailed information underpinning this strategy, and the supporting work programmes, are contained in documents referenced throughout. The Health and Wellbeing Board will work

alongside other partnerships and groups in the city groups, and will support discussion on these key areas to understand where we can go further and faster in securing the improvements in health and wellbeing that we need to see in the city.

Progress against the areas set out in the strategy will be tracked through the annual reports presented by the Director of Public Health setting out progress against the Public Health Outcomes Framework. The Board will also invite colleagues to celebrate successes and share challenges regularly so that all partners with an interest in health and wellbeing in Portsmouth can come together to build a common understanding of the challenges and opportunities, and can tackle them together.

## Theme 1: Support good physical health

Lifestyles, particularly physical inactivity, unhealthy diets, drinking alcohol to excess, and smoking are challenges in Portsmouth, with a significant proportion of adults exhibiting more than one unhealthy behaviour, which adversely contributes to the health inequalities of those living in Portsmouth's more deprived areas, and affects the predicted poor long-term health of those currently of middle age (35 to 64 years) living anywhere in the city. There is also a real challenge that many of these behavioural issues in adults impact negatively on children from pregnancy onwards (eg smoking in pregnancy, offering unhealthy food, snacks and drinks, not taking children to dental and other health appointments).

### Creating the conditions for improvement

The choices people make about things that affect their physical health and wellbeing are often influenced by the environments they live, work and relax in. We need to make sure that these wider environments are supporting people to take care of their own physical health.

This includes making sure that we tackle issues around air quality, which is known to contribute to premature deaths. We also need to make sure that environments support people to undertake physical activity, for example, by making sure that our transport infrastructure supports active travel. This is important because the more we can encourage people to use more active travel methods, the greater the opportunities for reducing traffic and improving the air we breathe.

We also need to ensure we protect our open spaces, which is particularly important in a very densely built city like Portsmouth, and make them nice places to be and to use. The city benefits hugely from the unique natural environment created by the waterfront, but people need to be able to feel confident and safe using their environments and making the most of the opportunities they present.

### Priority 1a: Reduce the harms from tobacco and other substances

#### Why is this a priority?

Smoking remains the main reason for the gap in life expectancy between rich and poor. The Local Tobacco Control Profiles show that compared to England, Portsmouth has significantly higher rates of:

Measure	Portsmouth	England
Prevalence of current smokers in 15 year olds, 2014/15	10.9%	8.2%
Prevalence of regular smokers in 15 year olds, 2014/15	8.2%	5.5%
Smoking prevalence in adults 2015	19.8%	16.9%
Pregnant women smoking at the time of delivery	14.7%	11.4%
Smoking attributable mortality 2012/14	333 deaths per 100,000 persons aged 35+ years	275 deaths per 100,000 persons aged 35+ years



The national Tobacco Control Plan for England states “...nicotine addiction for most people starts in adolescence. In England, almost two-thirds of current and ex-smokers say that they started smoking regularly before they were 18 years old.... Very few people start smoking for the first time after the age of 25” The local Health and Lifestyle Survey found that 49% of all current tobacco smokers started to smoke when they were younger than 16 years, 24% between 16 and 17 years of age and 20% between 18 and 24 years of age.

The most recent local ‘You say’ survey of secondary school pupils encouragingly found an increase in pupils who had never tried tobacco from 78% in 2015 to 85.7% in 2016.

The local Health and Lifestyle Survey of adults found the highest levels of adults smoking daily or occasionally in Central locality (21% compared to 16% in North and 11% in South localities). Those with the lowest levels of mental wellbeing were more likely to smoke tobacco than those with the highest levels of mental wellbeing (16% compared to 9%). Seventy-seven per cent of local smokers say they would like to stop smoking. Of those who had given up smoking, 71% said they gave up without any help or support.

The Tobacco Control Alliance has recently agreed ‘Smoke-free Portsmouth: Tobacco Control Strategy 2016-2020’. This four-year strategy covers all aspects of smoking and tobacco control to improve the health and wellbeing of the people of Portsmouth by reducing inequalities and by nurturing a tobacco free generation. Creating a smokefree generation is a key priority for us and we will ensure that we focus on preventing young people from starting to smoke to help achieve this.

This will be achieved through a reduction in the prevalence of smoking consistent with national targets and by addressing the wider tobacco control agenda.

We aim to:

- i. Reduce smoking prevalence in Portsmouth, both overall and in identified target groups
- ii. Support local communities to create a tobacco-free culture for Portsmouth

The strategy focus on the three important areas of protection, prevention, and cessation; with our key priorities for achieving a Smoke-Free Portsmouth being to:

1. Promote smokefree environments across the city
2. Motivate and assist every smoker to stop
3. Deliver effective communications and campaigns around the tobacco agenda
4. Provide leadership to create a smokefree city
5. Develop a workforce confident and competent to help reduce the harms of smoking
6. Improve health outcomes and reduce smoking related inequalities targeting young people, pregnant women, adults in routine and manual occupations and adults with mental health disorders.

Another area of concern in Portsmouth is the prevalence of digestive conditions, including chronic liver disease and cirrhosis, which contribute to the comparatively shorter life expectancy of males and females in the most deprived compared to the least deprived areas of the city. Liver disease is affected by physical activity, diet, tobacco smoking and alcohol as well as by Hepatitis B and C viruses: it is a largely preventable disease.

The Liver Disease Profiles and the Local Alcohol Profiles for England show that Portsmouth has significantly higher rates than England across for:

- Claimants of benefits due to alcoholism, 2015
- People admitted to hospital for alcohol-specific conditions, 2014/15
- Admission episodes for males aged 40-64 years, 2014/15

- Admission episodes for mental and behavioural disorders due to use of alcohol condition (broad definition) for males and for females, 2014/15
- Admission episodes for mental and behavioural disorders due to use of alcohol condition (narrow definition) for males 2014/15
- Admission episodes for intentional self-poisoning by and, exposure to, alcohol condition for males and for females, 2014/15
- Alcohol-specific mortality for males and for females, 2012/14
- Alcohol-related mortality for males, 2014
- Mortality from chronic liver disease for males and for females, 2014
- Premature mortality rate from liver disease for males and for females, 2012-14
- Premature mortality rate from alcoholic liver disease for males, 2012-14

The local Health and Lifestyle Survey found that 33% of adults are drinking alcohol at levels that put them at 'increasing risk' of developing an alcohol use disorder, with a further 12% drinking at 'high risk' levels. People from lower socio-economic groups do not necessarily drink more alcohol than people from other groups, but they do suffer disproportionately from alcohol-related illness due to the adverse impact of other lifestyle and socio-economic factors (the 'alcohol harm paradox').

The survey also found the highest rates of negative impacts of drinking alcohol to excess were reported in Central locality. A significantly higher proportion of people aged 16-34 years are at 'increasing risk' of developing an alcohol use disorder (44%) compared to 35-64 year olds (30%) or 65+ years (20%). A significantly higher proportion of 35-64 year olds are at 'high risk' of developing an alcohol use disorder (18%) compared to 16-34 year olds (9%) and 65+ year olds (3%).

The use of alcohol or drugs is strongly associated with suicide in the general population and in sub-groups such as young men and people who self-harm. Although substance misuse affects fewer people, its effects are particularly severe, on physical health, mental health, employment prospects and on those around the person. Alcohol and drugs misuse is also closely associated with crime and offending. The strategy to reduce harms caused is overseen by the Safer Portsmouth Partnership.

Smoking, alcohol and substance misuse are all issues that feature strongly in the Public Health Outcomes Framework, and we will use these indicators to track the effectiveness of work in these areas.

## **Priority 1b: Reduce the harms from physical inactivity and poor diets**

### **Why is this a priority?**

The list of benefits of regular and adequate levels of physical activity is huge; some of the main ones were highlighted by the World Health Organisation:

- improve muscular and cardiorespiratory fitness;
- improve bone and functional health;
- reduce the risk of hypertension, coronary heart disease, stroke, diabetes, breast and colon cancer and depression;
- reduce the risk of falls as well as hip or vertebral fractures; and
- fundamental to energy balance and weight control.

Being physically active improves the health of everyone, regardless of age, sex, ethnicity, disability, wealth or waist size. Various pieces of research and analysis have concluded that:

- persuading inactive people to become active could prevent one in six premature deaths
- physical inactivity is the 4<sup>th</sup> largest cause of disease and disability in the UK
- in children aged 0-5 years, lower levels of physical activity are associated with increased levels of obesity

As measured by the Active Lives Survey 64.5% of the Portsmouth population are classed as active. This is in line with the national averages but below that of the region and Hampshire. 22.8% of Portsmouth residents achieve less than 30 minutes per week of moderate intensity activity.

The Portsmouth Health and Lifestyle survey found that the South locality had a significantly higher proportion meeting the recommended weekly minimum physical activity guideline, than the North and Central localities (and Portsmouth average) - 66% in the South compared to 55% and 54% in North and Central. The local 2015 survey also found that the proportion who meet the weekly activity guideline is greatest amongst those aged 16-34 years, and then falls sharply to half among those aged 35-44 years. It is slightly higher again among those aged 45-64, but then falls again to its lowest level among those aged 65+. The survey also found that 9% of respondents in Portsmouth are sedentary (i.e. do not do regular moderate or vigorous activity). Those in the most deprived quintile of neighbourhoods are more likely to be sedentary.

The overall aim in the city is to ensure that everyone meets the recommendations for physical activity. However, targeting those who are the most inactive to become more active will produce the greatest reduction in chronic disease.

Therefore, we will aim to:

#### **1. Create Active Environments**

Engineering activity back into daily life through infrastructure, transport, housing, workplaces and open space. Influence how people live their lives and choose being active

#### **2. Enable Active starts**

Creating positive attitudes and behaviour amongst all children and young people. Ensuring that positive habits are resilient into adulthood and through periods of change.

### **3. Support Active Lives**

Engage and empower individuals, families and communities to be active every day. Build a culture of activity throughout every corner of daily life.

### **4. Practice Active Medicine**

Valuing and utilising physical activity to prevent and treat health conditions. Activity is viewed as a key component for physical and mental health and wellbeing.

This is an area where there is strong data available about levels of activity undertaken in the city (often commissioned by outside agencies) and around areas that we know are linked to activity, including healthy weight data. Therefore, we will propose to track progress against the following indicators:

1. Increase physical activity levels amongst children and young people
2. Reduce the number of physically inactive adults
3. Retain levels of activity through the life course
4. Reduce inequalities of activity levels amongst females, people with a disability, some ethnic groups and people living in Portsmouth's most deprived communities

Physical activity is commonly linked with obesity and healthy weight and whilst activity is an essential component in maintaining a healthy weight it should be regarded as a health priority in itself. The health benefits of physical activity extend beyond weight loss and are just as important for those overweight, underweight or at the correct weight.

Equally, physical activity is not the only element to maintaining a healthy weight. 'Healthy weight' is the terms used to describe an individual whose height and weight is proportional and falls within defined parameters where the risk of ill-health due to weight is at its lowest. Those individuals above (overweight or obese) or below (underweight) a healthy weight are at increased risk of adverse effects on their health and wellbeing.

Nationally, it is estimated that 64% of the adult population (16+) is above a healthy weight, with a further 1.8% underweight, meaning that only 36.5% of the population falls within the healthy weight range. The most recent estimates for Portsmouth suggest that around 98,000 residents are above normal weight. In Portsmouth, the prevalence of childhood obesity is higher in the most deprived areas compared to the least deprived, which follows the links between deprivation and childhood obesity seen nationally. Similar associations exist around adult obesity, highlighting that the most significant predictor of childhood obesity is parental obesity.

In order to tackle these issues, we need to create a culture where healthy eating becomes the norm alongside physical activity, through developing supportive environments, ensuring healthy food options are easily accessible and readily affordable, and that support is available to help individuals

achieve a healthy weight. We need also to remember that diet doesn't only impact on weight - it is known to contribute to conditions such as type 2 diabetes, hypertension and certain cancers.

Work on promoting physical activity is led through the Physical Activity Alliance, supported by Public Health Portsmouth who also lead efforts to promote healthy eating and good nutrition. The impact of the Health and Wellbeing Board's work on promoting physical activity will be measured through the Public Health Outcomes Framework.

## **Priority 1c: Support the physical good health of children and young people in Portsmouth**

### **Why is this a priority?**

For Portsmouth, our children's health and wellbeing is doing well in some aspects, but there are a range of areas where we are lagging behind how England is doing as a whole. For example:

- ✕ Smoking prevalence at age 15 (current smokers) is significantly higher than for England (10.9% v 8.2% in 2014/15).
- ✕ A&E attendances per 1,000 are significantly higher than the national average for 5-9 year olds, 10-14 year olds, 15-17 year olds and 15-19 year olds based on 2015/16 data, although are lower than the national average for 0-4 year olds

In order to address the particular physical health issues that affect children and young people in the city, and to ensure they get the best possible start, a strategy is in place to tackle the key issues. This has three strategic themes:

**1: Supporting young people** - risky behaviours are those that expose young people to harm, or significant risk of harm and may result in unintended or undesirable consequences. Some risky behaviour can be considered a part of growing up but there is a distinction to behaviour that could escalate to a harmful stage. So we will work together to reduce these, including focusing on alcohol and substance misuse amongst young people.

**2: Supporting families** - the family environment and the circumstances a child grows up in has a huge impact on health and wellbeing of children and young people. Early, secure attachment is crucial for healthy, early development as well as contributes to social and educational outcomes in later life, and children need to grow up in safe, supportive environments. We will work to ensure that support to families incorporates both healthcare approaches and also addresses social concerns, through joining up commissioning of young people's services and continuing to promote good health to families and schools.

**3: Supporting communities** - children and young people are influenced by their surrounding that they grow up in, including where they learn and play. Services working with families as well as the built environment shapes all have a role. Examples of services include primary care, community and acute services and services outside health such as children's centres, nurseries and schools, play and youth services. We will work together to deliver seamless healthcare in the community, ensure the role of education settings in health is recognised, and support the development of healthy environments for children.

The Public Health Outcomes Framework includes many indicators of child and family health and we will track progress according to our direction of travel on these indicators.

## **Theme 2: Support social, emotional, mental and economic health**

We know that Portsmouth has significantly higher rates of factors which are risks for mental ill health but lower recorded rates than the national average of, for example, depression.

### **Priority 2a: Promote positive mental wellbeing across Portsmouth**



Stigma and discrimination often means that mental health problems are not openly talked about. However, illnesses linked to mental health account for a third of GP consultations, and research shows mental health issues are closely associated with poorer outcomes for employment, personal relationships and physical health.

By promoting wellbeing and building emotionally resilient communities we can reduce the number of people going on to experience a mental health problem. In addition, supporting early identification and intervention we can reduce the impact for individuals experiencing a mental health problem.

This means ensuring that mental health becomes a part of everyday conversation and is something that everybody is aware of and cares about. Whether it is a midwife supporting a mother through the birth of a child, a school nurse helping children to develop emotional literacy, or a member of our new integrated community health and social care teams.

We will continue to promote better physical and mental health through using the "five ways to wellbeing" model:

- Connecting with the people around you
- Being active - exercise makes you feel good
- Taking Notice - be aware of the world around you and what you are feeling
- Keep learning - learning new things builds confidence and is fun
- Giving - do something nice for a friend or stranger - seeing yourself, and your happiness linked to the wider community can be incredibly rewarding and create connections.

The evidence also shows that people have different levels of "mental capital" throughout their lives, and this is something that planning needs to take into account. A particularly critical time, including for building resilience, is in childhood and adolescence.

Future in Mind is a five-year strategy to transform children's mental health and wellbeing provision, so that by 2020 England could lead the world in improving outcomes for children and young people with mental health problems. We want all children and young people in Portsmouth to enjoy good emotional wellbeing and mental health. Our Local Transformation Plan sets out that the way in which we will achieve this vision is by:

- Establishing a clearly understood needs-led model of support for children and young people with Social Emotional Mental Health difficulties which will provide access to the right help at the right time through all stages of their emotional and mental health development.
- Ensuring that every child and young person has access to early help in supporting their emotional wellbeing and mental health needs which will prevent difficulties escalating and requiring specialist mental health services.
- Supporting professionals working with children and young people to have a shared understanding of Social Emotional Mental Health and to promote resilience and emotional wellbeing in their work.

The Strategy is overseen by the Health and Wellbeing Board.

We know that building emotional resilience, and improving the life experiences of people with mental health issues is not something that can be managed in isolation. Instead, we must work with other health and social care agencies, the voluntary sector, patients, carers and the public, to look at services needed to enable people to live stable and happier lives, where they feel supported and in control of their own mental wellbeing.

## **Priority 2b: Reduce poverty and other drivers of isolation and exclusion**

### **Why is this a priority?**

Compared to England, the risk factors section of Public Health England's suicide profile illustrates that Portsmouth has lower rates of people with long-term health problems and of long-term unemployment, but has higher rates of people who are separated or divorced, people living alone, children who are looked after, children leaving care, children in the youth justice system and estimated prevalence of opiates or crack cocaine. Portsmouth also has a higher than national rates of mental health clients receiving services from adult social care, of adult carers who have as much social contact as they would like, and of clients receiving specialist alcohol and drug services. Isolation is also a recognised driver of mental ill health. Mapping from Age UK shows that the most deprived communities in the city also have the highest risk of loneliness in those aged 65 and over.

For overall deprivation, Portsmouth is now ranked 63rd worst of 326 local authorities (where one is the most deprived, previously ranked 76th worst of 326 local authorities). The Tackling Poverty Needs Assessment was refreshed in January 2015 in the light of the recession and changes in the welfare system. The needs assessment identifies the multiple factors which adversely and positively affect poverty including educational outcomes, employment and low-pay employment, financial exclusion and debt and the way services are organised to respond to people in crisis. Current priorities for the Action Plan include re-commissioning a social welfare advice service for Portsmouth (Advice Portsmouth's contract expires in March 2017); responding to welfare reform (including the introduction of Universal Credit and the reduced Household Benefit Cap); and supporting access to resources for people in financial hardship, following the closure of the Local Welfare Assistance Scheme.

The confidential audits of deaths by suicide 2013-2015 identified potentially adverse life events affecting individuals before their death – bearing in mind that individual cases are complex and it is impossible to reduce suicide events to a single cause. Many people experienced more than one potentially adverse life event. The audits found that 39% of males and 25% of females were unemployed or were worried about employment, and 24% of males and 26% of females had finance worries. The audit cited a Royal College of Psychiatrists' report on the relationship between debt and mental health: people in debt are more likely to have mental health problems, and people with mental health problems are more likely to be in debt. One in two adults with debts has a mental health problem; and one in four people with a mental health problem is in debt. However, the relationship between mental health and debt is complex and one does not inevitably lead to the other.

Some groups are more vulnerable to low pay and poverty, leading to social isolation, and further research is required to understand how Portsmouth residents are affected, and how they can be assisted. This includes self-employed people, people with health and care plans or disabilities and black, minority ethnic and refugee communities. However, there is a much broader issue about the importance of good quality work for people for people in the city, and the importance of supporting people dealing with challenging issues such as low pay, zero hours contracts, forced self-

employment, and insecure work. In Portsmouth, there is a particular issue around seasonal and short-term work driven by the visitor economy.

We will work together to ensure that there are support mechanisms in place for people who need them. Much work to address this is being led through the Tackling Poverty Strategy Steering Group. The Tackling Poverty Strategy 2015-2020 has six priority areas for action:

- Improving our children's futures
- Providing good quality, sustainable employment opportunities that enable a reasonable standard of living for residents
- Helping residents to be financially resilient
- Helping people to move out of immediate crisis, but also helping them to solve their problems in the longer term
- Improving residents' lives by recognising the links between poverty and health inequalities
- Shaping wider policies and decisions so they reduce the risk of poverty.

The Health and Wellbeing Board will support the Tackling Poverty Steering Group wherever it is able to do so.

## **Theme 3: Make improvements for marginalised groups fastest, including our most vulnerable children, young people and adults.**

### **Creating the conditions for helping marginalised people**

There are certain things that many of us take as a given in day to day life - that we have enough money to take care of our basic needs, somewhere to live, people to love and connect with and things to do that give us purpose.

But for a variety of reasons, not everyone has some or all of those things, and experience some level of marginalisation. The strategy has already addressed the importance of tackling poverty, and identified the link between poor quality employment and physical and mental health. There is increasing recognition of the prevalence and significance of loneliness too - and in the context of Portsmouth, the issue of urban loneliness is critical. More and more, we are understanding that even in a densely populated and vibrant city, it is possible for people to feel isolated and unsupported.

We also recognise that some of the symptoms of a marginalised life aren't always obvious. We understand that health conditions are sometimes not visible - particularly in the case of mental health issues - but other social issues can be difficult to detect too. For example, it is sometimes not obvious if people are living with poor housing conditions, in housing where their tenure is insecure, or whether people are part of the "hidden homeless", sleeping on sofas or a succession of temporary accommodation.

The Health and Wellbeing Board will support existing work, led through the strategic group on homelessness and rough sleeping to ensure that services and support are in place to support people who are struggling, with a principle of preventing situations escalating, and intervening as early as possible.

### **Priority 3a: People with complex needs**

#### **Why is this a priority?**

There is growing national and local evidence that a small cohort of adults in our communities are likely to experience 'severe and multiple deprivation' (SMD cohort), including substance misuse, homelessness, offending and mental health problems. They are likely to have ineffective contact with services that are often designed to deal with one problem at a time, and so regularly and persistently 'fall between the cracks' that open up between services.

The inter-relationship of these individual issues is complex and efforts to improve outcomes for this cohort of people have been ongoing for many years across different agencies and agendas and across the UK a range of responses are being developed. This is not a new issue and Portsmouth is not unique in its experience. This group of people can have a disproportionate impact on those around them; their partners and the neighbourhoods in which they live - including businesses and visitors to the city - and most importantly, any children they may have.

Services have a range of processes, pathways, panels and interventions in place to support adults with a variety of complex needs. Services have in the main been commissioned or directly provided

to meet a defined individual need - often successfully - but generally not designed to address composite and compounding needs e.g. homeless/mental health/substance misuse/criminal justice.

Similarly, individual assessments of need by statutory services tend to focus on the presenting issue and there are different eligibility thresholds for accessing services that do not necessarily take into account complexity of needs and associated behaviour, the nature of 'recovery'.

As a result, customers with complex needs who are frequent (or inappropriate) service users may have contact with a range of services, have several "key workers", have a number of personal plans in place and be involved in a number of panels/pathways/case management processes simultaneously or sequentially.

It is clear from the case studies that valuable work is already being undertaken. There are some successes in supporting people to achieve positive outcomes, and there are examples of good practice in effective collaborative working. However, customers, advocates and professionals have questioned the consistency of the effectiveness, efficiency and value of current approaches, particularly for those service users present with the most complex needs.

Recent research has also shown that adverse childhood experiences (ACEs), including witnessing domestic abuse for example, increase the likelihood of 'health harming behaviours' in adulthood, so it's also important to act early when these risk factors are present to 'turn off the tap', reducing the numbers of people in this cohort in future years.

Alongside this work, organisations in the city are working together to take a strategic approach to the issues of street culture, including begging, and street sleeping to support people in these circumstances and tackle associated community safety issues. This includes ensuring that any enforcement activity is complemented by appropriate support.

### **Priority 3b: People in the armed forces community, including veterans**

#### **Why is this a priority?**

The armed forces community is made up of anyone who is or has served for at least 1 day in the armed forces (regular or reserve, including national service) as well as Merchant Navy Seafarers and fisherman who have served in a vessel that was operated to facilitate military operations by the armed forces. The armed forces community also includes spouses, civil partners and dependent children of those who currently are or have served for at least 1 day, even if the serving person is now deceased.

National estimates suggest 4.9% of adult population of England are Veterans. Pension data demonstrates more veterans live in the south east of England than anywhere else, however not all veterans get a pension, and the community is far larger than veterans. On 1<sup>st</sup> April 2016 140,450 Regular service personnel were stationed in the United Kingdom, the majority located in the South East and South West of England. Portsmouth's military significance makes it likely that a higher concentration of service personnel are based in the area. Locally, the Portsmouth Health and Lifestyle Survey 2015 found that there was an estimated 11% of the adult population aged 16+ years who are veterans (of the Armed Forces or Reserve Armed Forces) - roughly 17,000 residents, of

which approximately 84% are estimated to be aged 45 years or over. There is no way of fully knowing how many dependants, spouses and civil partners currently reside in Portsmouth.

National research suggests that the vast majority of this community have needs in line with the general population. However age, service undertaken and position within the Armed Forces community brings with it specific issues. For example Older Veterans are known to experience more hearing, skin and musculoskeletal issues than the general population, and a small yet significant number of people who leave service early experience mental health and substance misuse issues. Little is known about the health and wellbeing needs of reservists and their families, however the limited research that has been undertaken suggests family stress and mental health are emerging issues.

A needs assessment for the sub-Solent area is currently underway, and therefore a better picture of need and gaps in support will be available in Spring 2018.



### **Priority 3c: People with special educational need or disabilities , and their families**

#### **Why is this a priority?**

Portsmouth Children's Trust publishes a strategic children's needs assessment as part of the city's Joint Strategic Needs Assessment (JSNA) process. In 2016, a detailed Special Educational Needs and Disability Needs Analysis was undertaken as part of this process. The key findings are:

1. There is a wide range of potential disabilities or conditions which could start to affect someone from conception or during pregnancy, during labour, as a baby or as a child or young person. Understanding the cause of some disabilities is necessary to support multi-agency health promotion and early identification and intervention.
2. Overall prevalence of a child or young person having any special educational need has decreased by 38% since 2009 - mostly due to a fall in pupils identified as needing SEN Support (from 23.9% to 13.4%). Portsmouth has seen a steeper decrease than nationally with the overall percentage of SEN in Portsmouth now only 1 percentage point above national, having previously been much higher. This substantial decrease is considered to be due to the more accurate identification of those with SEN following implementation of the SEND reforms.
3. Between 2010 and 2015, there was a 13% increase in the number of children with statements of SEN or an Education, Health and Care Plan (EHCP) issued and maintained by Portsmouth LA. However, the proportion of the total population of young people identified as having a statement of SEN or EHCP has stayed fairly static throughout this time both nationally (2.8%) and within Portsmouth (3.1%).
4. There are gender differences in the prevalence of SEN, with twice the proportion of Portsmouth boys (17.4%) being SEN Support compared to girls (9.5%). Five per cent of boys have either a Statement of SEN or EHCP compared to 1.9% of girls. This reflects the national picture.

Compared to national outcomes for SEN pupils, Portsmouth has poorer education outcomes for children with SEN in the following areas:

- Attaining a Good Level of Development in the Early Years Foundation Stage Profile
  - Making progress between Key Stage 1 and Key Stage 2 in Reading, Writing and Maths
  - Key Stage 2 attainment of Reading, Writing and Maths (combined)
  - Making progress between Key Stage 2 and Key Stage 4 in English and Maths
  - 5+ GCSEs graded A\*-C, including English and Maths
  - Achievement of a Level 2 or Level 3 qualification by age 19
5. The local survey of children and young people aged 7 to 18 years found that children who say they are disabled, or who have difficulties with learning, had significantly lower than average wellbeing compared to other children. SEN is over-represented in groups including looked after children, and the care leaving population. 65% of the average Youth Offending Team (YOT) caseload have SEN. National prevalence rates predict that 60-90% of them will have a communication disorder.
  6. Overall, children with SEN are about four times as likely to be persistently absent from school than those without SEN. Nine per cent of all pupils with SEN Support were persistently absent; 11% of those with a statement of SEN or EHC plan were persistently absent.

7. Pupils with SEN were more than eight times as likely to receive fixed period exclusions than those without SEN. Compared to non-SEN pupils, higher percentages of children with SEN were excluded from school with no alternative provision for education being made.
8. The proportion of 16 and 17 year olds with SEN participating in education and training is slightly higher in Portsmouth than nationally and is lower for those with SEN than those without SEN, reflecting the national picture. However, the proportion of learners with SEN who progressed to education or employment/training is considerably lower in Portsmouth than nationally at the end of both Key Stage 4 and Key Stage 5.
9. Higher rates of disability prevalence are found in the most disadvantaged socio-economic groups nationally. Pupils with SEN in Portsmouth are twice as likely to be eligible for free school meals than those without SEN (26% compared to 13%). Children aged 0-15 years with a long-term health problem or disability, are almost twice as likely to be living in socially rented homes in Portsmouth than children with no limiting long-term health problem or disability.
10. The Dynamite Survey of young people with SEND found that Health and Employment were the areas that are most important to them, and that Employment was the area on which they found it most difficult to find out about choices and support.

The aim of the special educational needs and disability (SEND) strategy is to promote inclusion and improve the outcomes for Portsmouth children and young people aged 0-25 years with SEND and their families. Delivery of this strategy is overseen by the Children's Trust Board.

In order to improve outcomes, we aim to ensure that there are in place a range of high quality support services that contribute to removing the barriers to achievement for all Portsmouth children and young people, in particular those with special educational needs and disabilities. This includes enabling children and young people to lead healthy lives and achieve wellbeing; to benefit from education or training, with support, if necessary, to ensure that they can make progress in their learning; to build and maintain positive social and family relationships; to develop emotional resilience and make successful transitions to employment, higher education and independent living.

For adults living with disabilities and long-term conditions, we need to ensure that there are a range of support and opportunities in place, and that barriers to people living the life they want to live in the way that they want to live it are removed wherever possible. This means considering how we can ensure there is a range of accommodation available, how we ensure that there are opportunities for employment and meaningful activity, and support people in participating in the community.

Finally, we cannot forget the importance of supporting those who are providing care to people living with an additional need, illness or disability. The city has a Carers' Strategy, with four main priority areas:

1. Identification and recognition Carers will be respected as expert partners, and identified at an early stage to secure comprehensive, personalised services to support them in their caring role.
2. Realising and releasing potential - Making sure that a carer is not disadvantaged by their caring status.
3. A life alongside caring - Personalised support both for carers and those they support, enabling them to have a family and community life.
4. Supporting carers to stay healthy - Supporting carers to stay mentally and physically well.

The Strategy includes local commitments to ensure that we provide the best possible support for those people looking after a family member or friend.

### **Priority 3d: Looked after children and care leavers**

Children and young people are in care either by a court order or with the agreement of their parent(s) or guardian(s). A child or young person may come into care as a result of temporary or permanent problems facing their parents, as a result of abuse, neglect or some other difficulties.

Children and young people in care are individuals - they come from all walks of life and have different aspirations, ambitions and cultural identities. Many looked after children and care leavers are at greater risk of social exclusion than their peers, both because of their experiences prior to coming into care, and by virtue of the fact that they are in care.

At the end of March 2017, there were 358 children in the care of Portsmouth City Council, including 49 unaccompanied asylum seeking children. This is a slightly higher rate of care than our statistical neighbour group, and higher than the national average.

47% of the children in our care live in the local authority area, and 77% live with foster families. The majority of children who live out of the city are in our neighbouring authorities. A lower percentage of children live in children's homes than is found nationally.

The composition of the looked after children population has changed over the last year, and we now have a higher proportion of 14-17 year old children looked after. There are more boys than girls in local authority care.

We know that the educational attainment of looked after children needs to be improved, particularly at KS4. GCSE results improved slightly in 2016 with 30% of Portsmouth's looked after children achieving five or more GCSEs grade A\*-C including English and Maths. Only 78% of looked after 16 and 17 year olds are in education, employment and training, and among our over-18 care leavers, only 56% were in education, employment or training. These early outcomes have a massive impact on the life chances of these young people. If children and young people are to have a positive and supportive experience of being in care, and fulfil their potential as adults, these outcomes must get better.

A Corporate Parenting Strategy is in place to lead improvement, overseen by the Children's Trust Board. There are four main priorities:

- Increase placement stability
- Improved educational outcomes
- More care leavers in education, employment and training
- Improved emotional health and resilience.

## Theme 4: Improve access to health and social care support in the community.

### Priority 4a: Implement the Portsmouth Blueprint for Health and Care in Portsmouth

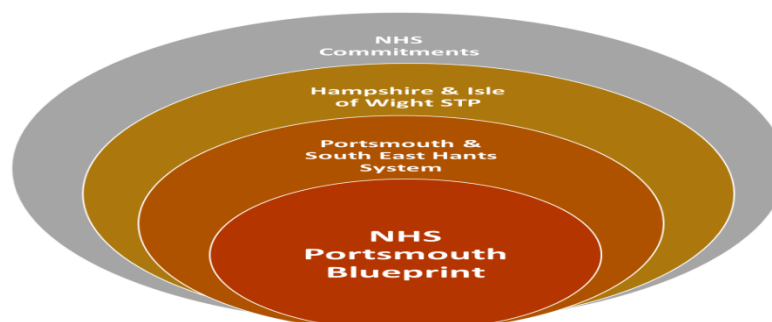
#### Why is this a priority?

208,900 people live in the City and 217,562 people are registered with a Portsmouth GP. We know there are significant health and care challenges in Portsmouth. Too many people have poorer health and wellbeing than in other similar cities. Demand for our health and care services is increasing and more people tell us that what matters to them is ease of access and joined up services. The Blueprint for Health and Care in Portsmouth is now well-established as the set of guiding principles that set out how the key health and care organisations in the city will work together, with an overarching goal *where everyone is supported to live healthy, safe and independent lives by health and social care services that are joined up around the needs of individuals and are provided in the right place at the right time.*

The Blueprint sets out a vision for the delivery of health and care services in the City that will be less fragmented and better able to support people to stay well and remain independent, through the delivery of 7 key commitments. The delivery of the Blueprint is integral to improving the long term health of the population.

There is a great deal of work underway in all organisations and services, as business as usual, in order to achieve savings and efficiencies, and in order to achieve more transformational change as envisaged in the Blueprint. This landscape is increasingly complex as work also develops across a wider Portsmouth and South East Hampshire geography around an accountable care system, as well as responding to the county-wide STP footprint. Portsmouth is also increasing links with Southampton via the public health agenda.

Health and care systems across Hampshire and Isle of Wight (HIOW) have come together in partnership to develop a strategic transformation plan (STP), setting out the strategic aims and objectives for transformation across the county. The key aims and objectives of the Portsmouth Blueprint are reflected within this wider system plan. It has been agreed that delivery of the STP needs to take place at local level, within local delivery systems. The City of Portsmouth forms part of the Portsmouth and South East Hampshire (PSEH) delivery system. Health and care partners in PSEH have come together to form an accountable care system (ACS) as a vehicle for delivering the New Models of Care set out in the NHS 5 Year Forward View publication. Once again the aims and objectives and key work programmes to deliver the Blueprint are reflected in the ACS plans.



This multi-layered planning approach enables system partners in the City to focus the delivery of the commitments through either local delivery or with wider system partners where it makes sense to do so and whereby incoming together maximum gains can be achieved. We are working on the principles across the wider system that transformation must be based on local needs and where possible delivered locally. However, effective partnership working across PSEH and HIOW allows us to work together in areas of commonality and shared aims to ensure alignment and ability to operate on a wider footprint to achieve efficiencies from a truly 'do it once' approach where it makes sense to do so.

Projects include:

- development of the Stronger Futures programme for integrating care services for children, and supporting earlier intervention through a restorative approach
- developing integrated locality teams for adults services
- developing a multi-speciality community provider model for services in the city
- developing a programme for workforce development across the city.





# Equality Impact Assessment

Preliminary assessment form v5 / 2013

[www.portsmouth.gov.uk](http://www.portsmouth.gov.uk)

The preliminary impact assessment is a quick and easy screening process. It should:

- identify those policies, projects, services, functions or strategies which require a full EIA by looking at:
  - negative, positive or no impact on any of the equality groups
  - opportunity to promote equality for the equality groups
  - data / feedback
- prioritise if and when a full EIA should be completed
- justify reasons for why a full EIA is not going to be completed

**Directorate:**

Director of Public health

**Function e.g. HR,  
IS, carers:**

Strategy

**Title of policy, service, function, project or strategy (new or old) :**

Health and Wellbeing Strategy refresh 2018-2021

**Type of policy, service, function, project or strategy:**

☐

Existing

☒

New / proposed

☐

Changed

### Q1 - What is the aim of your policy, service, function, project or strategy?

There is statutory duty on local Health and Wellbeing Boards to produce a strategy for the Health and Wellbeing of their population. Portsmouth's current strategy runs from 2014-2017, so it is now necessary to consider how this needs to be refreshed.

The next Health and Wellbeing Strategy needs to focus on the highest impact issues for the city, and the areas where the work of the Health and Wellbeing Board can add maximum value. The proposals above set out early suggestions that will be developed through the drafting process, and through wider consultation.

### Q2 - Who is this policy, service, function, project or strategy going to benefit or have a detrimental effect on and how?

The strategy should have a beneficial effect on the population of the city, by bringing about improved healthy life expectancy and reduced health inequality by improving the areas with lowest expectancy fastest. We do this by working to principles around:

- promoting prevention,
- supporting independence
- intervening earlier

We know we want to give people the best start in life, empower them to live healthy lives, and enjoy a healthy older age. In order to do this, we need to:

- o Empower people to take care of their physical health
- o Empower people to take care of their social, emotional and mental health
- o Work with marginalised groups to make improvements for them fastest (including income deprived households).

### Q3 - Thinking about each group below, does, or could the policy, service, function, project or strategy have a negative impact on members of the equality groups below?

Group	Negative	Positive / no impact	Unclear
Age	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Disability	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Race	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Gender	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Transgender	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Sexual orientation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Religion or belief	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Pregnancy and maternity	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Other excluded groups	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

If the answer is "negative" or "unclear" consider doing a full EIA

**Q4 - Does, or could the policy, service, function, project or strategy help to promote equality for members of the equality groups?**

Group	Yes	No	Unclear
Age	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Disability	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Race	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Gender	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Transgender	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Sexual orientation	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Religion or belief	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Pregnancy or maternity	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Other excluded groups	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

If the answer is "no" or "unclear" consider doing a full EIA

**Q5 - Do you have any feedback data from the equality groups that influences, affects or shapes this policy, service, function, project or strategy?**

Group	Yes	No	Unclear
Age	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Disability	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Race	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Gender	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Transgender	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Sexual orientation	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Religion or belief	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Pregnancy and maternity	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Other excluded groups	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

If the answer is "no" or "unclear" consider doing a full EIA

**Q6 - Using the assessments in questions 3, 4 and 5 should a full assessment be carried out on this policy, service, function or strategy?**

☐ yes ☒ No

**Q7 - How have you come to this decision?**

This is a high-level strategic framework. At this stage, there are no identified negative impacts for the protected groups, and a number of positive direct and indirect impacts, particularly around age, gender and income expected, given the purpose of the Health and Wellbeing Strategy. It is expected that as individual plans are developed in support of the strategy, these plans will be subject to individual equalities impacts assessments to ensure that there are no negative impacts, and indeed that positive impacts are maximised.

If you have to complete a full EIA please contact the Equalities and diversity team if you require help  
Tel: 023 9283 4789 or email: [equalities@portsmouthcc.gov.uk](mailto:equalities@portsmouthcc.gov.uk)

**Q8 - Who was involved in the EIA?**

Kelly Nash, Corporate Performance Manager, PCC

This EIA has been approved by: Jason Horsley

**Contact number:**

023 9243 7685

**Date:**

7th February 2018

Please email a copy of your completed EIA to the Equality and diversity team. We will contact you with any comments or queries about your preliminary EIA.

Telephone: 023 9283 4789

Email: [equalities@portsmouthcc.gov.uk](mailto:equalities@portsmouthcc.gov.uk)

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# Agenda Item 7



<b>Title of meeting:</b>	Governance and Audit and Standards Committee Cabinet City Council
<b>Date of meeting:</b>	9 March 2018 (Governance and Audit and Standards Committee) 16 March 2018 (Cabinet) 20 March 2018 (City Council)
<b>Subject:</b>	Treasury Management Policy 2018/19
<b>Report by:</b>	Chris Ward, Director of Finance and Information Technology (Section 151 Officer)
<b>Wards affected:</b>	All
<b>Key decision:</b>	Yes
<b>Full Council decision:</b>	Yes

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## 1. Executive Summary of the Treasury Management Policy Statement

### Treasury Management Policy

The attached Treasury Management Policy sets out the Council's policies on borrowing, providing for the repayment of debt and investing for 2018/19. The Treasury Management Policy also sets a number of treasury management indicators that will establish the boundaries within which treasury management activities will be undertaken. These are contained in Appendix D.

Appendix D also includes revised outturn prudential and treasury management indicators for 2016/17. The premium arising from the granting of a new head lease for land in White Hart Road occupied by Wightlink Ltd in 2016/17 was originally accounted for as a capital receipt and the treasury management outturn position was reported on this basis prior to the audit of the Council's accounts being completed. Following discussion with the auditors it was agreed that these transactions would be accounted for as borrowing rather than a capital receipt. As a consequence of this decision some of the outturn prudential and treasury management indicators for 2016/17 have been revised.

The Treasury Management Policy Statement contains a risk appetite statement similar to that adopted in 2017/18 that permits investments to be made in instruments that do not guarantee that the capital sum will not be diminished through movements in prices. In approving the Treasury Management Policy Statement members will be approving the risk appetite statement contained in paragraph 4.2 of the Treasury Management Policy Statement.

#### Policy For Providing For the Repayment of Debt

The Local Authorities (Capital Finance and Accounting) (Amendment) Regulations 2012 require the Council to adopt an Annual Minimum Revenue Provision (MRP) for Debt Repayment Statement. The recommended methodologies for calculating MRP are summarised in paragraph 8.3 of the Treasury Management Policy.

#### Annual Investment Strategy

The Treasury Management Policy includes the Annual Investment Strategy which establishes the types of investment, investment counter parties and investment durations that the Council will operate within. The 2018/19 Annual Investment Strategy is similar to the 2017/18 Annual Investment Strategy in most respects although there are some changes proposed for 2018/19.

Banks and building societies currently meeting the Council's credit criteria are listed in Appendix F. There are too many corporate bond, RSLs and universities to include in the appendix.

#### Summary of Proposed Changes to the Treasury Management Policy Statement

The following changes to the Treasury Management Policy Statement are proposed:

- That provision is not made for the repayment of borrowing to fund the HRA self-financing payment or any other HRA debt from 2017/18 to 2019/20;
- To change the maximum definition of specified and short term investments from 364 days to 365 days in line with the latest guidance from the Government intended to bring the treasury management definition of short term and long term investments into line with the financial accounting definition;
- To increase the maximum term of bonds that can purchased from Hampshire Community Bnk from 6 years to 10 years in line with the draft funding agreement with Hampshire Community Bnk

## **2. Purpose of report**

The purpose of this report is to obtain the Council's approval of the updated Treasury Management Policy Statement (attached) which includes:

- Annual Minimum Revenue Provision for Debt Repayment Statement
- Annual Investment Strategy

## **3. Recommendations**

### **3.1a that the following changes to the Treasury Management Policy Statement be approved:**

- (i) that provision is not made for the repayment of borrowing to fund the Housing Revenue Account (HRA) Self Financing payment or any other HRA debt from 2017/18 to 2019/20 (paragraph 8.4 of the Treasury Management Policy);
- (ii) that the maximum duration of specified investments be increased from 364 days to 365 days (paragraph 11.1 of the Treasury Management Policy);
- (iii) that the maximum duration of investment categories 11 (corporate bonds with a BBB+ credit rating) and 14 (unrated building societies that are in a strong financial condition) be increased from 364 days to 365 days (paragraph 12.2 of the Treasury Management Policy);
- (iv) that the maximum term of bonds purchased from Hampshire Community Bnk be increased from 6 years to 10 years (paragraph 12.2 of the Treasury Management Policy);

### **3.1b that the following risk appetite statement be approved:**

*To assist the achievement of the Council's service objectives by obtaining funding and managing the debt and treasury investments at a net cost which is as low as possible, consistent with a high degree of long term interest cost stability. Sums are invested with a diversified range of counter parties using the maximum range of instruments consistent with a low risk of the capital sum being diminished through movements in prices.*

- 3.1c that the prudential and treasury management indicators, including revisions to the 2016/17 outturn indicators contained in Appendix D be approved;**
- 3.1d that the attached Treasury Management Policy Statement including the Treasury Management Strategy, Annual Minimum Revenue Provision for Debt Repayment Statement and Annual Investment Strategy for 2018/19, and encompassing the amendments contained in recommendation 3.1a be approved;**
- 3.1e the Director of Finance and Information Technology (Section 151 Officer) and officers nominated by him have delegated authority to (paragraph 3.2 of Treasury Management Policy Statement):**
- (i) invest surplus funds in accordance with the approved Annual Investment Strategy;**
  - (ii) borrow to finance short term cash deficits and capital payments from any reputable source within the authorised limit for external debt of £660m approved by the City Council on 13 February 2018;**
  - (iii) reschedule debt in order to even the maturity profile or to achieve revenue savings;**
  - (iv) release the over provision of MRP back into General Fund balances over a prudent period by reducing the MRP in future years;**
  - (v) to buy and sell foreign currency, and to purchase hedging instruments including forward purchases, forward options and foreign exchange rate swaps to mitigate the foreign exchange risks associated with some contracts that are either priced in foreign currencies or where the price is indexed against foreign currency exchange rates.**
- 3.1f that the Chief Executive, the Leader of the City Council and the Chair of the Governance and Audit and Standards Committee be informed of any variances from the Treasury Management Policy when they become apparent, and that the Leader of the City Council be consulted on remedial action (paragraph 17.1 of Treasury Management Policy Statement)**

**3.2 that the Director of Finance and Information Technology (Section 151 Officer) submits the following (paragraph 19.1 of Treasury Management Policy Statement):**

- (i) an annual report on the Treasury Management outturn to the Cabinet and Council by 31 July of the succeeding financial year;**
- (ii) a Mid-Year Review Report to the Cabinet and Council;**
- (iii) the Annual Strategy Report to the Cabinet and Council in March 2019;**
- (iv) quarterly treasury management monitoring report to the Governance and Audit and Standards Committee.**

#### **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
- Hedging foreign exchange rate risks

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

- Credit risk - ie. that the Council is not repaid, with due interest in full, on the day repayment is due
- Liquidity risk - ie. that cash will not be available when it is needed, or that the ineffective management of liquidity creates additional, unbudgeted costs
- Interest rate risk - 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
- Exchange rate risk - the risk that fluctuations in foreign exchange rates create an unexpected or unbudgeted burden on the organisation's finances, against which the organisation has failed to protect itself adequately.

- Inflation risk, ie. the chance that cash flows from an investment won't be worth as much in future because of changes in purchasing power due to inflation.
- 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
- 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 at 1 April 2018 are estimated to be £629m. The Council's investments at 1 April 2018 are estimated to be £369m. 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 £23.2m 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 while optimising costs and returns. The Council will monitor and measure its treasury management position against the indicators contained in the Treasury Management Policy.

The City Council has adopted the Chartered Institute of Public Finance and Accountancy's (CIPFA) Treasury Management in the Public Services Code of Practice. The Code of Practice requires the City Council to approve a Treasury Management Strategy before the start of the financial year.

In addition the Government has issued statutory guidance that requires the Council to approve an Annual Minimum Revenue Provision for Debt Repayment Statement and an Annual Investment Strategy before the start of the financial year.

The Treasury Management Strategy, the Annual Minimum Revenue Provision for Debt Repayment Statement and the Annual Investment Strategy are all contained within the attached Treasury Management Policy Statement.



## 5. Reasons for recommendations

The recommendations within the attached Treasury Management Policy Statement reflect the Chartered Institute of Public Finance and Accountancy's (CIPFA) Treasury Management Code of Practice and have regard to statutory guidance issued by the Government. These are designed to:

- Enable the Council to borrow funds as part of managing its cash flow or to fund capital expenditure in a way that minimises risk and costs
- Provide for the repayment of borrowing
- Ensure that the Council's investments are secure
- Ensure that the Council maintains sufficient liquidity
- Maximise the yield on investments in a way that is commensurate with maintaining the security and liquidity of the investment portfolio

There is no statutory requirement to provide for the repayment of Housing Revenue Account (HRA) debt although provision has been made to repay the £87m HRA self-financing payment over 30 years. Council dwelling rents are being reduced by 1% per annum until 2019/20 in line with government policy and this is placing the Housing Revenue Account (HRA) under financial pressure. It is therefore proposed that provision is not made for the repayment of borrowing to fund the HRA self-financing payment or any other HRA debt from 2017/18 to 2019/20 (**Recommendation 3.1a(i)**). This will generate a gross saving of £3m per annum. However, this will also increase the amount of interest payable by the HRA.

It is proposed to increase the maximum duration of specified investments that can be made with the minimum of procedural formalities from 364 days to 365 days in line with the latest guidance from the Government to bring the treasury management definition of long and short term into line with the financial accounting definition of long and short term (**Recommendation 3.1a(ii)**). To be consistent it is also proposed to increase the maximum duration of investment categories 11 (corporate bonds with a BBB+ credit rating) and 14 (unrated building societies that are in a strong financial condition) from 364 days to 365 days (**Recommendation 3.1a(iii)**).

The previous policy permitted the Council to purchase bonds from Hampshire Community Bnk with a term of up to 6 years. It is proposed to increase the maximum term of the bonds that can be purchased to 10 years in line with the draft funding agreement with Hampshire Community Bnk (**Recommendation 3.1a(iv)**).

The Council attaches a high priority to a stable and predictable revenue cost from treasury management activities in the long term. This reflects the fact that debt servicing represents a significant cost to the Council's net revenue budget. The Council's objectives (**Recommendation 3.1b**) in relation to debt and investment can accordingly be stated as follows:

*To assist the achievement of the Council's service objectives by obtaining funding and managing the debt and treasury investments at a net cost which is as low as possible, consistent with a high degree of long term interest cost stability. Sums are invested with a diversified range of counter parties using the maximum range of instruments consistent with a low risk of the capital sum being diminished through movements in prices.*

This means that the Council is not totally risk averse. Treasury management staff have the capability to actively manage treasury risks within the scope of the Council's treasury management policy and strategy.

In particular when investing surplus cash, the Council will not necessarily limit itself to making deposits with the UK Government and local authorities, but may invest in other bodies including unrated building societies, RSLs, universities and corporate bonds. The Council may invest surplus funds through tradable instruments such as treasury bills, gilts, certificates of deposit, corporate bonds, covered bonds and repos / reverse repos. The duration of such investments will be limited so that they do not have to be sold (although they may be) prior to maturity thus avoiding the risk of the capital sum being diminished through movements in prices.

The Council may invest in lower risk structured investment products that follow the developed equity markets where movements in prices may diminish the capital sum invested. These investments, and indeed any other investment, could also be diminished if the counter party defaults. Although the Council only invests in counter parties offering good credit quality, the credit quality of an investment counter party can decline during the life of the investment. This is particularly the case with long term investments.

The Treasury Management Policy also sets a number of treasury management indicators that will establish the boundaries within which treasury management activities will be undertaken. These are contained in Appendix D (**Recommendation 3.1c**).

Appendix D also includes revised outturn prudential and treasury management indicators for 2016/17. The premium arising from the granting of a new head lease for land in White Hart Road occupied by Wightlink Ltd in 2016/17 was originally accounted for as a capital receipt and the treasury management outturn position was reported on this basis prior to the audit of the Council's accounts being completed. The Council granted a new head lease to Canada Life for a premium subject to a lease back to the Council for an ongoing rent. Both transactions take the legal form of leases, however when taken together they are in substance a £72m loan from Canada Life. Following discussion with the auditors it was agreed that these transactions would be accounted for as borrowing rather than a capital receipt. As a consequence of this decision some of the outturn prudential and treasury management indicators for 2016/17 have been revised.

**Recommendation 3.1(d)** seeks the Council's approval to adopt the revised Treasury Management Policy Statement.

**Recommendation 3.1(e)** seeks delegated authority for the Director of Finance and Information Technology (Section 151 Officer) and officers nominated by him to execute the Council's Treasury Management Policy.

**Recommendation 3.1(f)** seeks the Council's approval for the proposed actions to report any variances from the Treasury Management Policy.

**Recommendation 3.2** seeks the Council's approval for the proposed reporting arrangements for the treasury management operation.

## **6. Equality impact assessment (EIA)**

The contents of this report do not have any relevant equalities impact and therefore an equalities 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 2011 to ensure that the Council's budgeting, financial management, and accounting practices meet the relevant statutory and professional requirements. Members must have regard to and be aware of the wider duties placed on the Council by various statutes governing the conduct of its financial affairs.

**8. Director of Finance and Information Technology (Section 151 Officer)'s comments**

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

.....  
Signed by Director of Finance and Information Technology (Section 151 Officer)

**Appendix: Treasury Management Policy Statement, Annual Minimum Revenue Provision for Debt Repayment Statement and Annual Investment Strategy 2018/19**

**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:

<b>Title of document</b>		<b>Location</b>
1	Information pertaining to the Treasury Management Strategy	Financial Services

# **TREASURY MANAGEMENT POLICY STATEMENT INCLUDING:**

- **TREASURY MANAGEMENT STRATEGY**
- **ANNUAL MINIMUM REVENUE PROVISION FOR DEBT REPAYMENT STATEMENT**
- **ANNUAL INVESTMENT STRATEGY 2018/19**

**Portsmouth City Council  
Director of Finance and Information Technology (Section 151  
Officer)**

## TREASURY MANAGEMENT POLICY STATEMENT 2017/18

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## 1 BACKGROUND

- 1.1 This Council defines its Treasury Management activities as “the management of the organisation’s investments and cash flows, its banking, money market and capital market transactions, the effective control of the risks associated with those activities, and the pursuit of optimum performance consistent with those risks.”
- 1.2 This Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation, and any financial instruments entered into to manage these risks.
- 1.3 This Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance management techniques, within the context of effective risk management.
- 1.4 The City Council’s treasury management activities are governed by various codes of practice and guidance that the Council must have regard to under the Local Government Act 2003. The main codes and guidance that the Council must have regard to are:
  - Treasury Management in the Public Services Code of Practice published by the Chartered Institute of Public Finance and Accountancy (CIPFA) which sets out the key principles and practices to be followed.
  - The Prudential Code for Capital Finance in Local Authorities published by CIPFA which governs borrowing by local authorities.
  - The Guidance on Local Government Investments published by the Ministry of Housing Communities and Local Government which governs local authorities investment activities and stipulates that investment priorities should be security (protecting the capital sum from loss) and liquidity (keeping money readily available for expenditure when needed), rather than yield.



## 2 BORROWING LIMITS AND THE PRUDENTIAL CODE

- 2.1 The Prudential Code requires the City Council to approve an authorised limit and an operational boundary for external debt together with other prudential indicators designed to ensure that the capital investment plans are affordable, prudent and sustainable. These were approved by the City Council on 13<sup>th</sup> February 2018.

### i) Authorised Limit

The authorised limit for external debt is the maximum amount of debt which the authority may legally have outstanding at any time. The Authorised Limit includes headroom to enable the Council to take advantage of unexpected movements in interest rates and to accommodate any short-term debt or unusual cash movements that could arise during the year

	£m
Borrowing	594
Other Long Term Credit Liabilities	<u>66</u>
	<u>660</u>

### ii) Operational Boundary

The Operational Boundary is based on the probable external debt during the course of the year. It is not a limit, but acts as a warning mechanism to prevent the authorised limit (above) being breached.

	£m
Borrowing	579
Other Long Term Credit Liabilities	<u>66</u>
	<u>645</u>

### iii) Other Prudential Indicators contained in the Prudential Code

The following indicators are also included in the Prudential Code:

- Ratio of financing costs to net revenue stream
- Capital financing requirement
- Housing Revenue Account (HRA) limit on indebtedness
- Incremental effect of capital investment decisions on council tax at band D
- Incremental effect of capital investment decisions on housing rents

These are contained in Appendix A.

### **3 TREASURY MANAGEMENT POLICY STATEMENT**

3.1 The prime objective of the Treasury Management function is the effective management and control of risk associated with the activities described in paragraph 1.1. The key risks associated with the Council's treasury management operations are:

- Credit risk – ie. that the local authority is not repaid, with due interest in full, on the day repayment is due.
- Liquidity risk – ie. that cash will not be available when it is needed, or that the ineffective management of liquidity creates additional, unbudgeted costs.
- Interest rate risk – ie. that the authority fails to get good value for its cash dealings (both when borrowing and investing) and the risk that interest costs incurred are in excess of those for which the authority has budgeted.
- Inflation risk, ie. the chance that cash flows from an investment won't be worth as much in future because of changes in purchasing power due to inflation.
- Exchange rate risk - the risk that fluctuations in foreign exchange rates create an unexpected or unbudgeted burden on the organisation's finances, against which the organisation has failed to protect itself adequately.
- Maturity (or refinancing risk) – This relates to the authority's borrowing or capital financing activities, and is the risk that the authority is unable to repay or replace its maturing funding arrangements on appropriate terms.
- 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.

3.2 The Director of Finance and Information Technology (Section 151 Officer) and officers nominated by him have delegated authority to (**recommendation 3.1e** of the Treasury Management Policy Report considered by the Cabinet on 12 March 2018 and the City Council on 13 March 2018):

- (i) invest surplus funds in accordance with the approved Annual Investment Strategy;
- (ii) borrow to finance short term cash deficits and capital payments from any reputable source within the authorised limit for external debt of £660m approved by the City Council on 13 February 2018;
- (iii) to reschedule debt in order to even the maturity profile or to achieve revenue savings;
- (iii) Release the over provision of MRP back into General Fund balances over a prudent period by reducing the MRP in future years;
- (v) to buy and sell foreign currency, and to purchase hedging instruments including forward purchases, forward options and foreign exchange rate swaps to mitigate the foreign exchange risks associated with some contracts that are either priced in foreign currencies or where the price is indexed against foreign currency exchange rates.

## **4 TREASURY MANAGEMENT STRATEGY FOR 2018/19**

### **4.1 Objectives**

The budget for net interest and debt repayment costs for 2018/19 is £23.2m. The Treasury Management policy will therefore form a cornerstone of the Medium Term Resource Strategy. Specific objectives to be achieved in 2018/19 are:

#### **(a) Borrowing**

- To minimise the revenue costs of debt
- To manage the City Council's debt maturity profile to ensure that no single financial year exposes the authority to a substantial borrowing requirement when interest rates may be relatively high
- To match the City Council's debt maturity profile to the provision of funds to repay debt if this can be achieved without significant cost
- To effect funding in any one year at the cheapest long term cost commensurate with future risk

- To forecast future interest rates and borrow accordingly (i.e. short term and/or variable when rates are 'high', long term and fixed when rates are 'low').
- To monitor and review the level of variable interest rate loans in order to take greater advantage of interest rate movements
- To reschedule debt in order to take advantage of potential savings as interest rates change or to even the maturity profile.

(b) Lending

- To ensure the security of lending (the maximisation of returns remains a secondary consideration) by investing in:
  - the United Kingdom Government and institutions or projects guaranteed by the United Kingdom Government;
  - Other local authorities in England, Scotland and Wales
  - AA rated pooled funds including money market funds and enhanced money market funds;
  - British institutions including commercial companies, registered social landlords (RSLs) and universities that meet the City Council's investment criteria
  - Foreign institutions including commercial companies and universities that meet the City Council's investment criteria within the jurisdiction of a Aa government
- To maintain £10m in instant access accounts
- To make funds available to Council's subsidiaries
- To make funds available for the regeneration of Hampshire
- To optimise the return on surplus funds
- To manage the Council's investment maturity profile to ensure that no single month exposes the authority to a substantial re-investment requirement when interest rates may be relatively low to the extent that this can be managed without compromising the security of lending

## 4.2 Risk Appetite Statement

The Council attaches a high priority to a stable and predictable revenue cost from treasury management activities in the long term. This reflects the fact that debt servicing represents a significant cost to the Council's net revenue budget. The Council's objectives in relation to debt and investment can accordingly be stated as follows (**recommendation 3.1b** of the Treasury Management Policy Report considered by the Cabinet on 12 March 2018 and the City Council on 13 March 2018:

*To assist the achievement of the Council's service objectives by obtaining funding and managing the debt and treasury investments at a net cost which is as low as possible, consistent with a high degree of long term interest cost stability. Sums are invested with a diversified range of counter parties using the maximum range of instruments consistent with a low risk of the capital sum being diminished through movements in prices.*

This means that the Council is not totally risk averse. Treasury management staff have the capability to actively manage treasury risks within the scope of the Council's treasury management policy and strategy.

In particular when investing surplus cash, the Council will not necessarily limit itself to making deposits with the UK Government and local authorities, but may invest in other bodies including unrated building societies, RSLs, universities and corporate bonds. The Council may invest surplus funds through tradable instruments such as treasury bills, gilts, certificates of deposit, corporate bonds, covered bonds and repos / reverse repos. The duration of such investments will be limited so that they do not have to be sold (although they may be) prior to maturity thus avoiding the risk of the capital sum being diminished through movements in prices.

The Council may invest in lower risk structured investment products that follow the developed equity markets where movements in prices may diminish the capital sum invested. These investments, and indeed any other investment, could also be diminished if the counter party defaults. Although the Council only invests in counter parties offering good credit quality, the credit quality of an investment counter party can decline during the life of the investment. This is particularly the case with long term investments.

#### 4.3 Gross Debt and the Capital Financing Requirement

In order to ensure that over the medium term, debt will only be for a capital purpose, CIPFA's Prudential Code which the City Council is legally obliged to have regard to requires the City Council to ensure that debt does not, except in the short term, exceed the total of capital financing requirement (CFR). The CFR measures the Council's underlying need to borrow. If in any year there is a reduction in the capital financing requirement, this reduction is ignored in estimating the cumulative increase in the capital financing requirement which is used for the comparison with gross external debt. The Council's forecast gross debt is shown in the table below.

	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000
Borrowing	559,911	551,924	543,927	535,919
Finance leases	877	871	869	869
Service Concessions (including Private Finance Initiative schemes)	68,463	65,280	61,508	56,282
<b>Total Gross debt</b>	<b><u>629,251</u></b>	<b><u>618,075</u></b>	<b><u>606,304</u></b>	<b><u>593,070</u></b>
<b>Capital Financing Requirement (CFR):</b>				
Opening CFR in 2017/18	526,938			
Change in CFR in 2017/18	49,779			
Closing CFR in 2017/18	576,717	576,717	576,717	576,717
Cumulative increase in CFR in future years		67,989	71,067	71,067
<b>Closing CFR</b>	<b><u>576,717</u></b>	<b><u>644,706</u></b>	<b><u>647,784</u></b>	<b><u>647,784</u></b>
<b>Borrowing Under / (Over) the CFR</b>	<b><u>(52,534)</u></b>	<b><u>26,631</u></b>	<b><u>41,480</u></b>	<b><u>54,714</u></b>

The Council's gross debt exceeds its estimated CFR, ie. it is over borrowed, in 2017/18. This is primarily due taking advantage of low interest rates in 2016/17 and also to less commercial property being acquired in 2016/17 than had been anticipated. It is planned to finance £73m of capital expenditure from borrowing in 2018/19 including the purchase of 53m of commercial property. This should leave the Council under borrowed by £27m at the end of 2018/19. The Council borrowed £167m in 2016/17 at an average rate of 1.62%. No borrowing is anticipated in 2017/18. The Council is currently earning 0.82% on its investments. Therefore in the short term there is a cost of carry of 0.80% until the money that was borrowed is used to fund capital expenditure.

#### 4.4 Gross and Net Debt

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

	<b>2017/18</b> £'000	<b>2018/19</b> £'000	<b>2019/20</b> £'000	<b>2020/21</b> £'000
Gross Debt at 31 March	629,251	618,075	606,304	593,070
Investments at 31 March	(368,597)	(238,000)	(204,000)	(179,000)
<b>Estimated Net Debt</b>	<b>260,654</b>	<b>380,075</b>	<b>402,304</b>	<b>414,070</b>

4.4.2 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. However the Council's treasury management investments are expected to decline in 2018/19 as funds are used to invest in commercial properties.

#### 4.5 Interest Rates

##### 4.5.1 Interest Rate Forecasts for 2018/19

No treasury consultants are currently employed by the City Council to advise on the borrowing strategy. However, the City Council does employ Link Asset Services to provide an economic and interest rate forecasting service and maintains daily contact with the London Money Market.

##### 4.5.2 Long Term Borrowing Interest Rates

The following table gives Link Asset Services central view.

	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21
Bank rate	0.50%	0.75%	0.75%	1.00%	1.00%	1.00%	1.00%	1.25%	1.25%	1.25%	1.50%	1.50%	1.50%
5yr PWLB rate	1.90%	2.00%	2.10%	2.10%	2.20%	2.30%	2.30%	2.40%	2.40%	2.50%	2.50%	2.60%	2.60%
10yr PWLB rate	2.50%	2.50%	2.60%	2.70%	2.70%	2.80%	2.80%	2.90%	3.00%	3.00%	3.10%	3.10%	3.20%
25yr PWLB rate	2.80%	2.90%	3.00%	3.10%	3.20%	3.20%	3.30%	3.30%	3.40%	3.50%	3.50%	3.60%	3.60%
50yr PWLB rate	2.60%	2.70%	2.80%	2.90%	3.00%	3.00%	3.10%	3.10%	3.20%	3.30%	3.30%	3.40%	3.40%

Background information relating to these forecasts and the risks to these interest rate forecasts is contained in Appendix B.

Until 2015, monetary policy was focused on providing stimulus to economic growth but has since started to refocus on countering the threat of rising inflationary pressures as stronger economic growth becomes more firmly established. Raising base rates, particularly in the US, will make holding government bonds less attractive. This will cause their prices to fall and therefore bond yields and PWLB rates to rise. However, the degree of that upward pressure is likely to be dampened by how strong or weak the prospects for economic growth and rising inflation are, and on the degree of progress towards the reversal of monetary policy away from quantitative easing and other credit stimulus measures.

There will remain a cost of carry to any new long-term borrowing that causes a temporary increase in cash balances as this position will, most likely, incur a revenue cost, ie. the difference between borrowing costs and investment returns.

#### 4.5.3 Short Term Investment Interest Rates

Investment returns are likely to remain relatively low during 2018/19 but be on a gently rising trend over the next few years.

#### 4.6 Volatility of Budgets

The budget for interest payments and receipts is based on both the level of cash balances available and the interest rate forecasts contained in paragraph 4.5. Any deviation of interest rates from these forecasts will give rise to budget variances.

The Council is exposed to interest rate fluctuations through the need to invest up to £238m of surplus cash in the short term.

The Council currently has substantial sums of cash invested in the short term, and if interest rates fall below the budget forecast, investment income will be less than that budgeted. For example, if short-term interest rates fall to 0.5% below the budget forecast, the income from the Council's investments will be £1.2m below budget in 2018/19. Conversely, if short-term interest rates rise to 0.5% above the budget forecast, income from the Council's investments will exceed the budget by £1.2m in 2018/19.

#### 4.7 Upper limits for fixed interest rate exposures

The CIPFA Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes require local authorities to set upper limits for fixed interest rate exposures.



The City Council's maximum fixed interest rate exposure throughout each year is anticipated to be as follows:

	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Maximum Projected Gross Borrowing – Fixed Rate	487	481	474	468
Minimum Projected Gross Investments – Fixed Rate	(123)	(27)	(2)	(2)

The upper limits for fixed interest rate exposures will be set as follows:

2017/18      £364m

2018/19      £454m

2019/20      £472m

2020/21      £466m

The upper limits for fixed interest rate exposure are set to provide sufficient flexibility for the Director of Finance and Information Technology (Section 151 Officer) to take out fixed rate loans to finance capital expenditure if interest rates fall or are expected to rise significantly.

#### 4.8 Upper limits for variable interest rate exposures

The CIPFA Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes require local authorities to set upper limits for variable interest rate exposures.

The City Council's maximum variable interest rate exposure throughout each year is anticipated to be as follows:

	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Minimum Projected Gross Borrowing – Variable Rate	72	71	70	68
Maximum Projected Gross Investments – Variable Rate	(309)	(360)	(236)	(202)

The Council's variable interest rate exposure is negative because it has no variable rate loans and a high proportion of its investments are either variable rate or will need to be reinvested within a year. The Council's requirement for cash varies considerably through the year. Therefore the Council needs to invest a proportion of its surplus cash either in instant access accounts or short term investments to avoid becoming overdrawn. The Council is exposed to an interest rate risk in that its investment income will fall if interest rates fall, whilst its borrowing costs will remain the same as all its loans are fixed at rates that will not fall with investment rates. Investment rates are currently very low and the scope for further reductions is very limited. The Council's maximum projected gross variable interest rate investments increases as existing long term fixed interest rate investments mature. Some of this risk may be mitigated through making further long term fixed rate investments. However, this will increase credit risk. It would also be prudent to maintain an even maturity profile so that the Council can benefit from rising interest rates in the future.

The upper limits for variable interest rate exposures will be set as follows:

2017/18      (£237m) – Investments up to £237m

2018/19      (£289m) – Investments up to £289m

2019/20      (£166m) – Investments up to £166m

2020/21      (£134m) – Investments up to £134m

#### 4.9 Limits on total principal sums invested for periods longer than 365 days

Under the Treasury Management Code it is necessary to specify limits on the amount of long term investments, ie. investments exceeding 365 days that have maturities beyond year end.

Investing long term at fixed rates provides certainty of income and reduces the risk of interest rates falling. However this benefit is significantly reduced at the moment as the interest rates on new investments are low, typically less than 1% which restricts how much further returns can fall. At the current time, investing long term allows higher yields to be obtained, although it would be prudent to maintain opportunities to invest when interest rates are higher. There are regular fluctuations in the Council's cash balances which can amount to £46m. In addition cash balances are expected to be at their lowest at the end of the financial year as tax receipts are lower in March. On this basis the following limits will be placed on total principal sums invested for periods longer than 365 days:

31/3/2018 = £192m

31/3/2019 = £158m

31/3/2020 = £133m

31/3/2021 = £110m

#### 4.10 Limits for the maturity structure of borrowing

The Government has issued guidance on making provision for the repayment of General Fund debt (see paragraph 8) which the Council is legally obliged to have regard to. The City Council is required to begin to make provision for the repayment of debt in advance of most of the Council's debt falling due for repayment. Therefore the City Council is required to provide for the repayment of debt well in advance of it becoming due. This is illustrated in the table below. This means that it is necessary to invest the funds set aside for the repayment of debt with its attendant credit and interest rate risks (see paragraph 3.1). The City Council could reschedule its debt, but unless certain market conditions exist at the time, premium payments have to be made to lenders (see paragraph 4.11).

CIPFA's Treasury Management in the Public Services Code of Practice which the City Council is legally obliged to have regard to requires local authorities to set upper and lower limits for the maturity structure of their borrowing.

It is recommended that the upper limit should be set high enough to allow for debt to be rescheduled into earlier years and for any new borrowing to mature over a shorter period than that taken out in the past. The high upper limit for debt maturing in over 40 years time reflects existing borrowing as the upper limit cannot be set lower than the existing maturity profile and is also necessary because no provision is being made for the repayment of debt incurred by the Housing Revenue Account.

It is recommended that the lower limit be set at 0%.

In order to ensure a reasonably even maturity profile (paragraph 4.1(a)), it is recommended that the council will set upper and lower limits for the maturity structure of its borrowings as follows.

Amount of fixed rate borrowing maturing in each period as a percentage of total projected borrowing that is fixed rate.

	<b>Loan Debt Maturity 31 March 2018</b>	<b>Underlying Loans Minimum Revenue Provision (MRP)</b>	<b>% By Which Loan Debt Maturity is Over / (Under) Loans MRP</b>	<b>Lower limit</b>	<b>Upper limit</b>
Under 12 months	4%	1%	3%	0%	10%
12 months and within 24 months	1%	1%	0%	0%	10%
24 months and within 5 years	4%	6%	(2%)	0%	10%
5 years and within 10 years	7%	12%	(5%)	0%	20%
10 years and within 20 years	24%	26%	(2%)	0%	30%
20 years and within 30 years	8%	28%	(20%)	0%	30%
30 years and within 40 years	25%	25%	0%	0%	30%
40 years and within 50 years	27%	1%	26%	0%	40%

Amount of variable rate borrowing maturing in each period as a percentage of total projected borrowing that is fixed rate.

	<b>Loan Debt Maturity at 31 March 2018</b>	<b>Underlying Loans Minimum Revenue Provision (MRP)</b>	<b>% By Which Loan Debt Maturity is Over / (Under) Loans MRP</b>	<b>Lower limit</b>	<b>Upper limit</b>
Under 12 months	2%	1%	1%	0%	10%
12 months and within 24 months	2%	1%	1%	0%	10%
24 months and within 5 years	7%	6%	1%	0%	10%
5 years and within 10 years	12%	12%	0%	0%	20%
10 years and within 20 years	24%	26%	(2%)	0%	30%
20 years and within 30 years	26%	28%	(2%)	0%	30%
30 years and within 40 years	27%	25%	2%	0%	30%
40 years and within 50 years	0%	1%	(1%)	0%	10%

The current maturity pattern contained in Appendix C is well within these limits.

#### 4.11 Debt Rescheduling

4.11.1 Most of the City Council's long term external debt has been borrowed at fixed interest rates ranging from 2.09% to 5.01%. 52% of the Council's fixed rate debt matures in over 30 years' time. Appendix C shows the long term loans maturity pattern. Therefore debt rescheduling could be beneficial in evening out the debt maturity profile.

- 4.11.2 In the event that it were decided to further reschedule debt, account will need to be taken of premium payments to the Public Works Loans Board (PWLB). These are payments to compensate the PWLB for any losses that they may incur.
- 4.11.3 The Housing Revenue Account (HRA) will be responsible for its proportion of the premium due for early redemption of debt, based on the percentage of debt attributable to the HRA at the start of the financial year. The premiums would be charged to the General Fund and the HRA. Regulations allow the City Council to spread the cost of the premiums over a number of years, during which the accounts would benefit from reduced external interest rates.
- 4.11.4 The Director of Finance and Information Technology (Section 151 Officer) will continue to monitor the Council's debt and will undertake further rescheduling if it would be beneficial.

#### 4.12 Treasury Management Indicators

The Chartered Institute of Public Finance and Accountancy's (CIPFA) Treasury Management in the Public Services Code of Practice requires the Council to approve a number of treasury management indicators which set the limits within which the Council's treasury management activities will be undertaken. These are contained in the Treasury Management Strategy above and are summarised in Appendix D (**Recommendation 3.1c** in the Treasury Management Policy Report considered by the Cabinet on 12 March 2018 and the City Council on 13 March 2018).

## 5 APPROVED METHODS OF RAISING CAPITAL FINANCE

- 5.1 The following list specifies the various types of borrowing instruments which are available: -

	Variable	Fixed
PWLB	Y	Y
Market Long-term	Y	Y
Municipal Bonds Agency		Y
Market Temporary	Y	Y
Overdraft	Y	
Negotiable Bonds	Y	
Internal (capital receipts & revenue balances)	Y	Y
Commercial Paper	Y	Y
Medium Term Notes	Y	Y
Leasing	Y	Y
Bills & Local Bonds	Y	Y

- 5.2 The main methods of raising capital finance used by the City Council are discussed in greater detail within Section 6 of this policy. Other methods are not generally used because of the perceived risk or because administrative costs are high, such as in the case of Local Bonds.

- 5.3 Local authorities are not required to conform to the Money Laundering Regulations stipulated in the Financial Services Acts. However, these principles where practical will be applied when arranging future money market borrowing to ensure that funds are not obtained from potentially unscrupulous sources.

## **6 APPROVED SOURCES OF BORROWING**

- 6.1 Further information on some of the main borrowing instruments used by the City Council is set out below: -

### **(a) Public Works Loans Board (PWLB)**

The main source of longer term borrowing for the City Council for many years has been from the Government through the Public Works Loans Board. The PWLB offers fixed rate loans from 1 year to 50 years at varying rates with different methods of repayment.

Alternatively the PWLB offers variable rate loans for 1 to 10 years, where the interest rate varies at 1, 3 or 6 month intervals. These loans can be replaced by fixed rate loans before maturity at an opportune time to the authority.

### **(b) Money Market Loans – Long Term**

Loans for 1 to 70 years are available through the London Money Market although, depending of the type of loan being arranged, the rates of interest offered may not match those available from the PWLB, especially for Equal Instalment of Principal loans (E.I.P. loans). Any loans to be taken are evaluated to ensure that the interest rate is the lowest the City Council could obtain.

Loans offered by the money market are often LOBO (Lenders Option, Borrowers Option) loans. This enables the authority to take advantage of low fixed interest for a number of years before an agreed variable rate comes into force. At the time when the interest rate becomes variable, the lender has the option to increase the rate charged every 6 months (or any other agreed review period). The borrower has the option to repay the loan with no penalties if the interest rate is increased on any of the review dates.

#### (c) Bonds

Bonds may be suitable for raising sums in excess of around £150m. The interest payable on bonds may be less than that charged by the PWLB, but considerable upfront fees would be incurred. To obtain the best interest rate, the Council would need to obtain a credit rating which would need to be maintained. This would incur a further upfront fee and an annual maintenance fee.

Because such a large amount needs to be borrowed to attract investors and also to reduce the upfront fees and negate the need for an individual credit rating a pooled issuance with other local authorities may be more viable.

#### (d) Municipal Bonds Agency (MBA)

A municipal bonds agency has been established by the Local Government Association (LGA) to enable local authorities to undertake long term borrowing at lower rates than those offered by the PWLB. The MBA is expected to issue its first bond and advance its first loans to local authorities. The MBA has yet to issue its first bond. Loans will be advanced on fixed dates determined by the municipal bonds agency. Loans will be repayable at maturity with the duration of the loan being fixed by the MBA.

#### (e) Money Market Loans – Temporary (Loans up to 365 days)

The use of temporary borrowing through the London Money Market forms an important part of the strategy. The authorised limit for external debt in 2018/19 of £660m set by the City Council on 13 February 2018 must not be exceeded. It is not anticipated that the City Council will need to use the temporary borrowing facility in 2018/19.

#### (f) Overdraft

An overdraft limit of £2m has been agreed with the Barclays Bank plc. Interest on the overdraft is charged at 1% above base rate. The City Council does not anticipate that short-term borrowing will generally be necessary during 2018/19 as it currently holds sufficient funds to enable the authority's cash flow to be managed without the need to borrow. However, the overdraft facility may be used when there are unforeseen payments and funds placed on temporary deposit cannot be called back in time.

#### (g) Internal Funds

Internal funds include all revenue reserves and other specific reserves maintained by the City Council, including the minimum revenue provision which is available to either repay debt or to be used instead of new borrowing. The cash held in respect of internal funds such as earmarked reserves can be borrowed in the short term to finance capital expenditure or the repayment of debt, thus delaying the need to borrow externally.

### **7. APPORTIONMENT OF BORROWING COSTS TO THE HOUSING REVENUE ACCOUNT (HRA)**

7.1 The Council will continue to operate with a single loans pool and apportion costs according to locally established principles. The principles upon which the apportionment of borrowing costs should be based are as follows:

- The apportionment is broadly equitable between the HRA and the General Fund, and is detrimental to neither;
- The loans portfolio is managed in the best interests of the whole authority;
- The costs and benefits of over and under borrowing above or below the capital financing requirement (CFR) are equitably shared between the General Fund and the HRA.

### **8 ANNUAL MINIMUM REVENUE PROVISION FOR DEBT REPAYMENT STATEMENT**

8.1 The Local Authorities (Capital Finance and Accounting) (Amendment) Regulations 2012 require the Council to make “prudent provision” for the repayment of General Fund debt from 2008/09 onwards. There is no requirement to make “prudent provision” for the repayment of Housing Revenue Account (Council Housing) debt. The Government has provided a definition of “prudent provision” which the Council is legally obliged to “have regard” to. The guidance aims to ensure that the provision for the repayment of borrowing which financed the acquisition of an asset should be made over a period bearing some relation to that over which the asset continues to provide a service.

8.2 The guidance also requires the Council to adopt an Annual Minimum Revenue Provision (MRP) for Debt Repayment Statement. This is contained within paragraphs 8.3 to 8.5 below.



8.3 The following methodologies will be applied to calculating the MRP:

<b>Borrowing</b>	<b>MRP Methodology</b>
<u>General Fund Borrowing:</u>	
Government supported borrowing other than finance leases and service concessions including private finance initiative schemes	50 year annuity
Finance leases and service concessions including private finance initiative schemes *	MRP equals the principal repayments made to lessors and PFI operators
Self - financed borrowing excluding borrowing to fund long term debtors (including finance leases), investment properties and equity shares purchased in pursuit of policy objectives	50 year annuity
Self - financed borrowing to fund long term debtors	The repayments of principal are set aside to repay the borrowing that financed the original advance
Self - financed borrowing to fund finance leases	The principal element of the rent receivable be set aside to repay the borrowing that financed these assets
Self - financed borrowing to fund investment properties	The repayment of unsupported borrowing will be provided for by setting aside the capital receipt when the property is disposed of
Self - financed borrowing to fund equity shares purchased in pursuit of policy objectives	No MRP is made unless the shares are sold in which case the capital receipt is set aside to repay debt
<u>Housing Revenue Account (HRA)</u>	MRP was being provided for the HRA Self Financing Payment in equal instalments over 30 years. An MRP holiday is being taken from 2017/18 to 2019/20. MRP is not provided for other HRA debt.

\* If transactions that take the legal form of finance leases but in substance amount to borrowing, the MRP policy relating to self - financed borrowing will be adopted. An example of when this could happen would be when the Council grants a head lease to an institution in return for an upfront premium and leases the asset back from the same institution in return for a rent.

8.4 Housing Revenue Account (HRA)

The Local Authorities (Capital Finance and Accounting) (Amendment) Regulations 2012 do not require provision to be made for the repayment of HRA debt. It has been the Council's policy to provide for the repayment of the £87m HRA Self Financing Payment in equal instalments over 30 years, but not to provide for the repayment of other HRA debt.

Dwelling rents are being reduced by 1% per annum until 2019/20 in line with government policy and this is putting the HRA under financial pressure. It is therefore recommended that provision is not made for the repayment of borrowing to fund the Self Financing payment or any other HRA debt from 2017/18 to 2019/20 (**recommendation 3.1a(i)** of the Treasury Management Policy Report considered by the Cabinet on 12 March 2018 and the City Council on 13 March 2018). This will generate a gross saving of £3m per annum in the provision for the repayment of debt. However, this will also increase the amount of interest payable by the HRA.

#### 8.5 Over Provision of Minimum Revenue Provision (MRP)

The Council reviewed how it provided for the repayment of its debt. It was felt that the previous methods used in the past have resulted in over provisions of MRP from 2008/09 to 2015/16 amounting to £31.3m. The Director of Finance and Information Technology (Section 151 Officer) will release the over provision of MRP back into General Fund balances over a prudent period by reducing the MRP in future years under delegated authority. It is not considered prudent to release the over provision directly to the General Fund balances in a single year.

### 9 **ANNUAL INVESTMENT STRATEGY**

9.1 The Government has also issued guidance on investments. The guidance requires the City Council to adopt an Annual Investment Strategy. This is contained within paragraphs 10 to 16 below. The requirements of the Ministry of Housing, Communities and Local Government are in addition to the requirements of the Chartered Institute of Public Finance and Accountancy's Treasury Management in Public Services: Code of Practice.

9.2 During the year the Council may be asked to approve a revised strategy if there are investment issues which the full Council might wish to have brought to their attention.

9.3 The guidance defines a prudent policy as having two objectives:

- achieving first of all security (protecting the capital sum from loss);
- liquidity (keeping the money readily available for expenditure when needed).

Only when proper levels of security and liquidity have been secured should yield be taken into account.

9.4 Investment strategies usually rely on credit ratings and both the current and recommended Investment Strategies are based on credit ratings. Although the recommended Investment Strategy is based on credit ratings other sources of information will be taken into account prior to placing deposits such as information in the quality financial press and credit default swaps (CDS) prices.

- 9.5 CDS are a financial instrument for swapping the risk of debt default. The buyer of a credit default swap pays a premium for effectively insuring against a debt default. He receives a lump sum payment if the debt instrument is defaulted. The seller of a credit default swap receives monthly payments from the buyer. If the debt instrument defaults they have to pay an agreed amount to the buyer of the credit default swap.

## **10. INVESTMENT CONSULTANTS**

- 10.1 The City Council currently employs consultants to provide the following information:

- Interest rate forecasts
- Credit ratings
- CDS prices

## **11. SPECIFIED INVESTMENTS**

- 11.1 The Government requires the Council to identify investments offering high security and high liquidity. These are the most secure investments and there is no overall limit on the amount that can be held. Specified investments will be made with the minimum of procedural formalities. They must be made in sterling. It is proposed to increase the maximum duration of specified investments from 364 days to 365 days in line with the latest guidance from the Government (**Recommendation 3.1a(ii)** of the Treasury Management Policy Report considered by the Cabinet on 12 March 2018 and the City Council on 13 March 2018). Specified investments must not involve the acquisition of share capital in any corporate body.
- 11.2 Credit rating information is available to the financial market through three main credit rating bodies ie. Moody's, Fitch, and Standard and Poor. Short and long term credit ratings are provided by all three agencies. Long term credit ratings are explained in Appendix F.

- 11.3 The grades of short and long term credit rating are as follows with the best credit ratings at the top. The credit ratings that meet the City Council's investment criteria for specified investments are shaded.

Fitch		Moody's		Standard & Poor's	
Short Term	Long Term	Short Term	Long Term	Short Term	Long Term
F1+	AAA	P-1	Aaa	A-1+	AAA
	AA+		Aa1		AA+
	AA		Aa2		AA
	AA-		Aa3		AA-
F1	A+		A1	A-1	A+
	A	P-2	A2		A
	A-		A3	A-2	A-
F2	BBB+	P-3	Baa1	A3	BBB+
	BBB		Baa2		BBB
F3	BBB-		Baa3		BBB-

- 11.4 It is recommended that specified investments should only be placed with institutions that have a long term credit rating of at least A- from at least two rating agencies except enhanced money market funds and registered social landlords for which a single credit rating will be required.
- 11.5 Industry practice is for enhanced money market funds to have a single credit rating, but such funds are well diversified. The Council will only invest in enhanced money market funds with a credit rating of at least AA-. These funds will be treated as category 6 (A+) (see paragraph 11.17) investments to reflect the increased risk of relying on a single credit rating (as opposed to category 4 if two ratings had been obtained).
- 11.6 Most registered social landlords (RSLs) are only rated by a single agency. However RSLs are regulated by the Homes and Communities Agency (HCA) which rates the financial viability of RSLs. Investments will only be placed with RSLs that have a financial viability rating of V1 from the HCA.
- 11.7 In addition to rating financial institutions the rating agencies also rate governments. These are known as sovereign credit ratings. The evolving regulatory environment, in tandem with the rating agencies' new methodologies also means that sovereign ratings are now of lesser importance in the assessment process with the new regulatory environment attempting to break the link between sovereign support and domestic financial institutions. However sovereign credit ratings are also dependent on a government's ability to raise taxes and thus also give an indication of the state of a nation's general economy. Investments will only be placed with institutions based in either the United Kingdom or states with an AA credit rating.

- 11.8 When an institution or state has differing ratings from different agencies, the average rating will be used to assess its suitability. Those institutions that have not been rated by a particular agency will not be discarded because of the lack of ratings.
- 11.9 It is proposed that investments be allowed in government bodies, banks including supranational banks, building societies, money market funds, enhanced money market funds, RSLs, universities and corporate bonds that meet the Council's investment criteria.
- 11.10 Money market funds are well diversified funds that invest in high quality very short term instruments enabling investors to have instant access to their funds. Enhanced money market funds, also known as short dated investment funds, are also well diversified funds investing in high quality counter parties, but for longer periods, and require a few days' notice of withdrawals. Industry practice is for enhanced money market funds to have a single credit rating.
- 11.11 Corporate bonds are tradable loan instruments issued by commercial companies. Credit ratings measure the risk of default, ie. the risk of not receiving principal and interest when it is due, across these institutions in a way that allows them to be compared. However, other measures of credit risk such as CDS prices are not available for all institutions including most building societies, RSLs, universities and commercial companies.
- 11.12 There are over 30 registered social landlords (RSLs) with a single or double A credit rating. RSLs often have a single credit rating from one agency, but are subject to Government regulation. The Homes and Communities Agency (HCA) assigns a viability rating to larger RSLs with in excess of 1,000 dwellings as follows:

V1 - the RSL meets the HCA's financial viability standard and has the capacity to mitigate its exposures effectively

V2 - the RSL meets the HCA's viability requirements but need to manage material financial exposures to support continued compliance

V3 - the RSL does not meet the HCA's viability requirements. There are issues of serious regulatory concern and in agreement with the HCA; the RSL is working to improve its position

V4 - the RSL does not meet the HCA's viability requirements. There are issues of serious regulatory concern and the RSL is subject to regulatory intervention or enforcement action

However an RSL's debts are not guaranteed by the Government.

- 11.13 Building societies also operate under a separate legal regime to banks, which limits the amount of lending not secured on residential property and limits the amount of wholesale funding. When a building society has got into financial difficulties in the past it has always been taken over by another building society without its creditors losing any of their money. For these reasons building societies are placed in a category one notch above other institutions with the same credit rating.
- 11.14 Lending to universities will be permitted. A number of universities have credit ratings and are as secure as a commercial company with a similar credit rating.
- 11.15 The Council's direct investments will be limited to senior debt. Subordinated corporate bonds are sometimes issued by financial institutions and commercial companies. Subordinated corporate bonds offer higher yields, but in the event of an institution defaulting, senior debtors are repaid before subordinated debtors. Because of this, subordinated bonds often have a lower credit rating than senior debt issued by the same institution.
- 11.16 There are structured investment products available that pay returns in excess of 4.5% per annum provided that neither of the specified stock market indices such as the FTSE 100 and Eurostoxx 50 decline by more than 50% over 6 years and repay the capital invested if the worst performing index does not fall by more than 60%. The Director of Finance and Information Technology (Section 151 Officer) may invest the Council's funds in structured investment products which follow the developed stock markets that do not fully protect the Council's capital invested. These products are effectively bank deposits where the return is determined by stock market performance. As such they are subject to credit risk if the issuer defaults.

11.17 The approved counter parties for specified investments are divided into eight categories as follows:

	Maximum Investment in a Single Organisation
<u>Category 1</u> United Kingdom Government including the Debt Management Office Deposit Facility	Unlimited investments for up to 6 years
<u>Category 2</u> Local authorities in England, Scotland and Wales	£30m for up to 6 years
<u>Category 3</u> RSLs with a single long term credit rating of Aa-	£30m for up to 10 years
<u>Category 4</u> Banks, corporate bonds and universities with a short term credit rating of F1+ and a long term rating of AA-. Building societies with a short term credit rating of F1 and a long term rating of A+. Aaa rated money market funds	£26m for up to 6 years
<u>Category 5</u> RSLs with a single long term credit rating of A-	£20m for up 10 years
<u>Category 6</u> Banks, corporate bonds and universities with a short term credit rating of F1 and a long term rating of A+. Building societies with a short term credit rating of F1 and a long term rating of A. Enhanced money market funds with a single AA credit rating	£20m for up to 6 years.
<u>Category 7</u> Banks, corporate bonds and universities with a short term credit rating of F1 and a long term rating of A. Building societies with a short term credit rating of F1 and a long term rating of A-.	£15m for up to 6 years
<u>Category 8</u> Banks, corporate bonds and universities with a short term credit rating of F1 and a long term rating of A-.	£10m for up to 6 years

- 11.18 A list of financial institutions currently meeting the Council's investment criteria is contained in Appendix F. There are too many RSLs, universities and companies issuing corporate bonds to include in the list.
- 11.19 Investing in counter parties that do not meet the Council's credit criteria if the investment is secured against assets that do meet the Council's investment criteria will increase the number of counter parties the Council can invest in and may increase investment returns. Although this will increase the risk of defaults, it should not increase the risk of investment losses provided that the contracts are properly drawn up and the assets offered as security pass to the Council.
- 11.20 Sometimes institutions issue covered bonds which are secured against assets held by that institution. These assets may be loans that the institution has made to local authorities or loans made to other financial institutions that have a higher credit rating. If the institution that issued the covered bond defaults the specified assets will pass to the City Council. Investments will be permitted in covered bonds that are secured against local authority debt or covered bonds that have a credit rating that meets the Council's investment criteria even if the counter party itself does not meet the Council's credit criteria.
- 11.21 Repo / reverse repo is accepted as a form of collateralised lending and should be based on the GMRA 2000 (Global Master Repo Agreement). A repo is a form of secured borrowing where readily saleable collateral, normally gilts or treasury bills are placed with the lender. If the borrower fails to repay the loan the lender keeps the collateral that has been deposited. A reverse repo is the equivalent form of secured lending. Therefore whilst the borrower would have a repo, the Council would have a reverse repo. Should the counter party not meet our senior unsecured rating then a 102% collateralisation would be required. The acceptable collateral is as follows:
- Index linked gilts
  - Conventional gilts
  - UK treasury bills
- Investments in repos / reverse repos collateralised against index linked gilts, conventional gilts and UK treasury bills will be permitted, and should the counter party not meet our senior unsecured rating then a 102% collateralisation would be required.
- 11.22 Credit ratings be reviewed weekly and that any institution whose lowest credit rating falls below the criteria for category 8 in paragraph 11.16 be removed from the list of specified investments.
- 11.23 Institutions that are placed on negative watch or negative outlook by the credit rating agencies will be reassigned to a lower category.



## 12. NON-SPECIFIED INVESTMENTS

- 12.1 The Government's Guidance requires that other less secure types of investment be identified and that a limit be set on the overall amount that may be held in such investments at any time in the year. Non-specified investments are investments that are not secure, ie. do not have an "A" credit rating or are not liquid, ie. have a maturity in excess of 365 days (previously 364 days) (**Recommendation 3.1a(ii)** of the Treasury Management Policy Report considered by the Cabinet on 12 March 2018 and the City Council on 13 March 2018). Investments that are not denominated in sterling would also be non-specified investments due to exchange rate risks.
- 12.2 In order to reduce the risks associated with placing funds with a relatively small number of counter parties and to improve returns further investment categories have been established for non-specified investments that do not meet the criteria for specified investments. It is recommended that the maximum duration of investment categories 11 (corporate bonds with a BBB+ credit rating) and 14 (unrated building societies that are in a strong financial condition) be increased from 364 days to 365 days to match the new maximum duration of specified investments (**Recommendation 3.1a(iii)** of the Treasury Management Policy Report considered by the Cabinet on 12 March and the City Council on 13 March).

### Category 9 - £20m

Category 9 will consist of investments in subsidiary companies including but not restricted to MMD (Shipping Services) Ltd.

### Category 10 - £10m for 2 years

Short Term – F2 (or equivalent from Fitch, Moody's and Standard & Poor)  
Long Term – BBB or better (or equivalent from Fitch, Moody's and Standard and Poor)

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

### Category 11 - £7m for 365 days (previously 364 days)

Short Term – F2 (or equivalent from Fitch, Moody's and Standard & Poor)  
Long Term – BBB+ or better (or equivalent from Fitch, Moody's and Standard and Poor)

Investing up to 365 days in investments with a long term credit rating of BBB+ / Baa1 and a short term credit rating of at least F2 / P-3 / A3 would diversify the portfolio by enabling investments to be made in more commercial companies such as British Telecom. The risk of an investment defaulting is driven by the credit quality of the investment counter party and the duration of the investment, ie. the amount of time that credit quality can deteriorate over. An investment counter party rated BBB+ is more likely to default than an investment counter party rated A-. However an 18 month investment is more likely to default than a 12 month investment. Therefore a 12 month investment rated BBB+ can offer a lower probability of default than an 18 month investment rated A-. Therefore investing up to 365 days in investments rated BBB+ would diversify the portfolio by enabling investments to be made in more commercial companies without increasing the risk of default. Such investments could also achieve investment returns in excess of 0.9%. Category 11 will consist of institutions that meet the above criteria.

#### Category 12 - £8m

Long Term – BBB or better (or equivalent from Fitch, Moody's and Standard and Poor)

Further diversification could be achieved by investment in a corporate bond fund. Investing in a corporate bond fund where the average credit rating of the underlying investments is BBB+. Such funds could include underlying investments with BBB- credit ratings although each investment would amount to no more than 4% of the fund. If one of the underlying investments did default the Council's holding in the fund could be worth less than what it paid into the fund, ie. the Council could make a loss. It is therefore recommended that total investments in such funds will be restricted to £8m.

Category 12 will consist of corporate bonds bought on the Council's behalf by professional fund managers who will target an average credit rating of at least BBB+ for the corporate bond fund. The average credit rating of the corporate bond fund may fall to BBB if there was a downgrade to a single issue or a broad downgrade. We would not want the fund manager to be a forced seller in this situation. If this situation arises a strategy will be agreed with the fund manager to return the average rating of the portfolio to BBB+.

#### Category 13 - £6m for 2 years

Many smaller building societies that have been more conservative in their lending approach do not have credit ratings. An analysis of building society accounts suggests that many of those without credit ratings are in a better financial position than some of the larger ones who do hold credit ratings.

Category 13 consists of the unrated building societies in the strongest financial position.

The limits on these building societies are less than £6m to take account of their small size in terms of assets.

<b>Stronger Unrated Building Societies</b>	
<b>Building Society</b>	<b>Limit</b>
Progressive	£6.0m
Saffron	£5.6m
Leek	£4.6m
Ipswich	£2.9m
Darlington	£2.7m
Market Harborough	£2.1m
Scottish	£2.0m
Manchester	£1.9m
Hanley Economic	£1.9m
Tipton & Coseley	£1.9m
Dudley	£1.8m

Category 14 - £6m for 365 days (previously 364 days)

Category 14 consists of the unrated building societies that are in a strong financial position.

The limits on some building societies are less than £6m to take account of their small size in terms of assets.

Unrated Building Societies in a Strong Financial Condition	
Building Society	Limit
Newcastle	£6.0m
Cumberland	£6.0m
National Counties	£6.0m
Monmouthshire	£5.3m
Newbury	£4.7m
Furness	£4.1m
Hinkley & Rugby	£3.2m
Marsden	£2.1m
Melton Mowbray	£2.1m

#### Category 15 - £10m for up to 10 years

Purchasing bonds in Hampshire Community Bnk (HCB) would contribute to the regeneration of Hampshire and offer interest of up to 3.5%. Investing in HCB carries greater risk than the other approved investments contained in the Council's Annual Investment Strategy as HCB is a new entity that is in the process of developing its business, and currently has neither a banking license nor a credit rating. However HCB will be able to offer assets as security to cover a corporate bond. These assets would consist of good performing loans secured against tangible assets. The loan assets offered as security would pass to the Council in the event of HCB defaulting.

Category 15 will consist of bonds issued by Hampshire Community Bnk secured against good quality assets owned by the bank.

The previous policy permitted the Council to purchase bonds from Hampshire Community Bnk with a term of up to 6 years. It is proposed to increase the maximum term of the bonds that can be purchased to 10 years in line with the draft funding agreement with Hampshire Community Bnk (**Recommendation 3.1a(iv)** of the Treasury Management Policy Report considered by the Cabinet on 12 March 2018 and the City Council on 13 March 2018).

### 12.3 Money Lodged with MMD (Shipping Services) Ltd

The Council's treasury management operation is exposed to the Council's subsidiary company MMD (Shipping Services) Ltd. The Council has £550,000 lodged with Lloyds Bank to guarantee MMD's banking limits.

### 12.4 Contracts Denominated in Foreign Currencies

The Council sometimes enters into contracts denominated in foreign currencies. Such contracts normally relate to civil engineering schemes at the port. It can be beneficial to buy Euros early to fund these projects and avoid the associated currency risk.

### 12.5 Limit on Non Specified Investments

Non-specified investments will in aggregate be limited to the following:

	£
Building societies with a BBB credit rating and unrated building societies	99m
Corporate bonds with a BBB+ credit rating	8m
Corporate bond funds with an average credit rating of BBB	8m
Investments in subsidiary companies including funds lodged to guarantee the banking limits of MMD (Shipping Services) Ltd.	20m
Long term investments	192m
Investments in foreign currencies to hedge against contracts priced or indexed against foreign currencies	4m
Hampshire Community Bnk bonds	10m
<b>Total</b>	<b>341m</b>

### 13. MAXIMUM LEVEL OF INVESTMENT IN INDIVIDUAL ORGANISATIONS

- 13.1 The Government's Guidance does not require a limit to be placed on the amount that can be placed in any one investment. However in order to minimise risk further, the total amount that can be directly invested with any organisation at any time will be limited as follows:

	Maximum Investment in Single Organisation
Category 1	Unlimited
Category 2	£30m for up to 6 years
Category 3	£30m for up to 10 years
Category 4	£26m for up to 6 years
Category 5	£20m for up to 10 years
Category 6	£20m for up to 6 years
Category 7	£15m for up to 6 years
Category 8	£10m for up to 6 years
Category 9	£20m with an indefinite duration
Category 10	£10m for up to 2 years
Category 11	£7m for up to 365 days
Category 12	£8m with an indefinite duration (although these investments may be sold)
Category 13	£6m for up to 2 years
Category 14	£6m for up to 365 days
Category 15	£10m for 10 years

- 13.2 AA money market funds offer security and same day access. By aggregating investments they can also invest in financial institutions that may not be interested in the relatively small sums that the Council can invest. Although AA money market funds are well diversified in their investments, there is a risk that more than one fund could have investments with the same bank or that the Council may also have invested funds in the same bank as a money market fund. Therefore it is proposed that the Council should aim to have no more than £80m invested in money market funds.
- 13.3 Most building society lending is secured against residential properties. If property prices fall there may be inadequate security to support building societies lending giving rise to a systemic risk.
- 13.4 As RSL's offer one principal service and their assets principally consist of residential properties, excessive investments in RSLs would also expose the Council to a systemic risk.
- 13.5 Excessive investments in investment products tracking equity markets could also expose the Council to a systemic risk.
- 13.6 In order to minimise systemic credit risk in any sector the following limits will be applied:

Money market funds	£80m
Building societies	£155m
Registered Social Landlords	£80m
Investments tracking the equity markets	£70m

- 13.7 In order to minimise systemic credit risk in any region it is recommended that the following limits be applied to the geographic areas where investments can be made in foreign countries.

13.8 The following limits be applied:

Asia & Australia	£80m
Americas	£80m
Eurozone	£60m
Continental Europe outside the Eurozone	£60m

13.9 The limits above only apply to direct investments. The City Council's exposure to any institution, sector or region may exceed the limits stated above through indirect investments via money market funds. Money market funds employ specialist staff to assess counter party risks and all investments made by money market funds are short-term.

#### **14. LIQUIDITY OF INVESTMENTS**

14.1 The Council's cash flow forecast for the current year is updated daily. In addition, the Council maintains a long term cash flow forecast that extends to 2023/24. These forecast are used to determine the maximum period for which funds may be prudently committed, ie. the City Council's core cash. The City Council maintains at least £10m invested on an instant access basis to ensure that unforeseen cash flows can be financed.

#### **15. INVESTMENT OF MONEY BORROWED IN ADVANCE OF NEED**

15.1 Section 12 of the Local Government Act 2003 gives a local authority the power to invest for "any purpose relevant to its functions under any enactment or for the prudent management of its financial affairs". While the speculative procedure of borrowing purely to invest at a profit is clearly unlawful, there is no legal obstacle to the temporary investment of funds borrowed for the purpose of funding capital expenditure incurred in the reasonably near future.

15.2 Borrowing in advance of need may enable the City Council to obtain cheaper loans than those available at the time when expenditure is incurred, although the consequent investment of funds borrowed in advance of need does expose the City Council to credit risk. The interest payable on funds borrowed in advance of need is likely to exceed the interest earned on the investment of those funds in the current economic climate.



- 15.3 The Council's gross debt is estimated to exceed its CFR by £52.5m at the end of 2017/18, ie. it is over borrowed, primarily because it borrowed funds when it could secure low interest rates and because less commercial property was acquired than had been anticipated in 2016/17.
- 15.4 The capital programme approved by the City Council on 13 February 2018 includes £72.6m of capital expenditure financed by borrowing in 2018/19. This is expected to cause the Council's CFR to rise above its gross debt, ie. it is expected to become under borrowed from 2018/19.

## **16. TRAINING OF INVESTMENT STAFF**

- 16.1 The Finance Manager (Technical & Financial Planning) manages the treasury function and is a qualified Chartered Public Finance Accountant and holds the Association of Corporate Treasurers Certificate in Treasury Management. The Finance Manager (Technical & Financial Planning) is assisted by the Treasury Manager who is a qualified Chartered Certified Accountant and also holds the Association of Corporate Treasurers Certificate in Treasury Management. The City Council is also a member of CIPFA's Treasury Management Network which provides training events throughout the year. Additional training for investment staff is provided as required.

## **17. DELEGATED POWERS**

- 17.1 Once the Treasury Policy has been approved, the Director of Finance and Information Technology (Section 151 Officer) has delegated powers under the constitution of the City Council, to make all executive decisions on borrowing, investments or financing.

It is recommended that Chief Executive, the Leader of the City Council and the Chair of the Governance and Audit and Standards Committee be informed of any variances from the Treasury Management Policy when they become apparent, and that the Leader of the City Council be consulted on remedial action (**recommendation 3.1(e)** of the Treasury Management Policy Report considered by the Cabinet on 12 March 2018 and the City Council on 13 March 2018).

## **18. TREASURY SYSTEMS AND DOCUMENTATION**

- 18.1 Once the Policy Statement has been approved by the Council, the documentation of the Treasury Systems will be updated so that all employees involved in Treasury Management are clear on the procedures to be followed and the limits applied to their particular activities.

- 18.2 The Treasury Management Practices document covers the following topics: -
- risk management
  - performance measurement
  - decision making and analysis
  - approved instruments, methods and techniques
  - organisation, clarity and segregation of responsibilities, and dealing arrangements
  - reporting requirements and management information arrangements
  - budgeting, accounting and audit arrangements
  - cash and cash flow management
  - money laundering
  - training and qualifications
  - use of external service providers
  - corporate governance

## **19. REVIEW AND REPORTING ARRANGEMENTS**

- 19.1 The Head of Financial Technology and Section 151 Officer will submit the following **(Recommendation 3.2)** of the Treasury Management Policy Report considered by the Cabinet on 12 March 2018 and the City Council on 13 March 2018):
- (i) an annual report on the treasury management outturn to the Cabinet and Council by 31 July of the succeeding financial year
  - (ii) a mid year review to the Cabinet and Council
  - (iii) the Annual Strategy Report to the Cabinet and Council in March 2019
  - (iv) quarterly treasury management monitoring reports to the Governance and Audit and Standards Committee

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## PRUDENTIAL INDICATORS

Ratio of Financing Costs to Net Revenue Stream						
	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate
Non - HRA	12.0%	12.5%	13.0%	13.9%	13.9%	13.0%
HRA	4.1%	4.1%	4.0%	7.4%	7.0%	6.7%

Capital Financing Requirement						
	2017/18 Estimate £'000s	2018/19 Estimate £'000s	2019/20 Estimate £'000s	2020/21 Estimate £'000s	2021/22 Estimate £'000s	2022/23 Estimate £'000s
Non - HRA	405,337	467,446	470,077	464,172	456,647	449,426
HRA	171,380	177,260	177,707	179,047	176,093	173,139

HRA Limit on Indebtedness						
	2017/18 Estimate £'000s	2018/19 Estimate £'000s	2019/20 Estimate £'000s	2020/21 Estimate £'000s	2021/22 Estimate £'000s	2022/23 Estimate £'000s
HRA	181,701	181,701	181,701	181,701	181,701	181,701

Authorised Limit for External Debt						
	2017/18 Estimate £'000s	2018/19 Estimate £'000s	2019/20 Estimate £'000s	2020/21 Estimate £'000s	2021/22 Estimate £'000s	2022/23 Estimate £'000s
Borrowing	583,660	594,046	598,130	606,750	608,318	603,476
Other Long Term Liabilities (ie Credit Arrangements)	69,340	66,151	62,377	57,151	51,340	46,032
<b>Total</b>	<b>653,000</b>	<b>660,197</b>	<b>660,507</b>	<b>663,901</b>	<b>659,658</b>	<b>649,508</b>

Operational Boundary for External Debt						
	2017/18 Estimate £'000s	2018/19 Estimate £'000s	2019/20 Estimate £'000s	2020/21 Estimate £'000s	2021/22 Estimate £'000s	2022/23 Estimate £'000s
Borrowing	571,324	578,555	582,329	590,633	591,879	586,708
Other Long Term Liabilities (ie Credit Arrangements)	69,340	66,151	62,377	57,151	51,340	46,032
<b>Total</b>	<b>640,664</b>	<b>644,706</b>	<b>644,706</b>	<b>647,784</b>	<b>643,219</b>	<b>632,740</b>

Incremental Impact of Capital Investment Decisions on the Council Tax						
	2017/18 Estimate £'000s	2018/19 Estimate £'000s	2019/20 Estimate £'000s	2020/21 Estimate £'000s	2021/22 Estimate £'000s	2022/23 Estimate £'000s
Revenue effect of existing capital programme	579	3,020	5,988	6,430	6,605	6,605
Revenue effect of proposed capital programme	579	3,020	5,561	5,859	5,890	5,890
Increase in revenue effect	0	0	(427)	(571)	(715)	(715)
Increase in Council Tax Band D	£0.00	£0.00	(£7.64)	(£10.22)	(£12.80)	(£12.80)

Incremental Impact of Capital Investment Decisions on Housing Rents						
	2017/18 Estimate £'000s	2018/19 Estimate £'000s	2019/20 Estimate £'000s	2020/21 Estimate £'000s	2021/22 Estimate £'000s	2022/23 Estimate £'000s
Revenue effect of existing capital programme	714	621	185	1,861	1,360	478
Revenue effect of proposed capital programme	476	(1,362)	475	627	3,012	563
Increase in revenue effect	(238)	(1,983)	290	(1,234)	1,652	85
Effect on average weekly rent	(£0.31)	(£2.54)	£0.37	(£1.58)	£2.12	£0.11

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**BACKGROUND INFORMATION AND RISKS TO INTEREST RATE FORECASTS**

Global Outlook

World growth looks to be on an encouraging trend of stronger performance, rising earnings and falling levels of unemployment. In October 2017, the IMF upgraded its forecast for world growth from 3.2% to 3.6% for 2017 and 3.7% for 2018.

In addition, inflation prospects are generally muted and it is particularly notable that wage inflation has been subdued despite unemployment falling to historically very low levels in the UK and US. This has led to many comments by economists that there appears to have been a fundamental shift downwards in the Phillips curve (this plots the correlation between levels of unemployment and inflation e.g. if the former is low the latter tends to be high). This may be due to a combination of a shift towards flexible working, self-employment, falling union membership and a consequent reduction in union power and influence in the economy, and increasing globalisation and specialisation of individual countries, which has meant that labour in one country is in competition with labour in other countries which may be offering lower wage rates, increased productivity or a combination of the two. In addition, technology is probably also exerting downward pressure on wage rates and this is likely to grow with an accelerating movement towards automation, robots and artificial intelligence, leading to many repetitive tasks being taken over by machines or computers.

Looking back on nearly ten years since the financial crash of 2008 when liquidity suddenly dried up in financial markets, it can be assessed that central banks' monetary policy measures to counter the sharp world recession were successful. The key monetary policy measures they used were a combination of lowering central interest rates and flooding financial markets with liquidity, particularly through unconventional means such as Quantitative Easing (QE), where central banks bought large amounts of central government debt and smaller sums of other debt.

The key issue now is that the period of stimulating economic recovery and warding off the threat of deflation is coming towards its close and a new period has already started in the US, and more recently in the UK, on reversing those measures i.e. by raising central rates and (for the US) reducing central banks' holdings of government and other debt. These measures are now required in order to stop the trend of an on-going reduction in spare capacity in the economy, and of unemployment falling to such low levels that the re-emergence of inflation is viewed as a major risk. It is, therefore, crucial that central banks get their timing right and do not cause shocks to market expectations that could destabilise financial markets. In particular, a key risk is that because QE-driven purchases of bonds drove up the price of government debt, and therefore caused a sharp drop in income yields, this then also encouraged investors into a search for yield and into investing in riskier assets such as equities. This resulted in bond markets and equity market prices both rising to historically high valuation levels simultaneously. This, therefore, makes both asset categories vulnerable to a sharp correction. It is important, therefore, that central banks only gradually unwind their holdings of bonds in order to prevent destabilising the financial markets. It is also likely that the timeframe for central banks unwinding their holdings of QE debt purchases will be over several years. They need to balance their timing to neither squash economic recovery by taking too rapid and too strong action, or, alternatively, let inflation run away by taking action that was too slow and/or too weak. The potential for central banks to get this timing and strength of action wrong are now key risks.

There is also a potential key question over whether economic growth has become too dependent on strong central bank stimulus and whether it will maintain its momentum against a backdrop of rising interest rates and the reversal of QE. In the UK, a key vulnerability is the low level of productivity growth, which may be the main driver for increases in wages; and decreasing consumer disposable income, which is important in the context of consumer expenditure primarily underpinning UK GDP growth.

A further question that has come to the fore is whether an inflation target for central banks of 2%, is now realistic given the shift down in inflation pressures from internally generated inflation, (i.e. wage inflation feeding through into the national economy), given the above mentioned shift down in the Phillips curve.

- Some economists favour a shift to a lower inflation target of 1% to emphasise the need to keep the lid on inflation. Alternatively, it is possible that a central bank could simply 'look through' tepid wage inflation, (i.e. ignore the overall 2% inflation target), in order to take action in raising rates sooner than might otherwise be expected.
- However, other economists would argue for a shift up in the inflation target to 3% in order to ensure that central banks place the emphasis on maintaining economic growth through adopting a slower pace of withdrawal of stimulus.

- In addition, there is a strong argument that central banks should target financial market stability. As mentioned previously, bond markets and equity markets could be vulnerable to a sharp correction. There has been much commentary, that since 2008, QE has caused massive distortions, imbalances and bubbles in asset prices, both financial and non-financial. Consequently, there are widespread concerns at the potential for such bubbles to be burst by exuberant central bank action. On the other hand, too slow or weak action would allow these imbalances and distortions to continue or to even inflate them further.
- Consumer debt levels are also at historically high levels due to the prolonged period of low cost of borrowing since the financial crash. In turn, this cheap borrowing has meant that other non-financial asset prices, particularly house prices, have been driven up to very high levels, especially compared to income levels. Any sharp downturn in the availability of credit, or increase in the cost of credit, could potentially destabilise the housing market and generate a sharp downturn in house prices. This could then have a destabilising effect on consumer confidence, consumer expenditure and GDP growth. However, no central bank would accept that it ought to have responsibility for specifically targeting house prices.

### United Kingdom

After the UK surprised on the upside with strong economic growth in 2016, growth in 2017 has confounded pessimistic forecasts of weak growth by coming in at 1.8%, only marginally down on the 1.9% rate for 2016. In 2017, quarter 1 came in at only +0.3% (+1.8% y/y), quarter 2 +0.3% (+1.5% y/y), quarter 3 +0.4% (+1.5% y/y) and Q4 was +0.5% (+1.5% y/y). The outstanding performance came from the manufacturing sector which showed a 1.3% increase in Q4 and +3.1% y/y helped by an increase in exports due to the lower value of sterling over the last year and robust economic growth in our main trade partners, the EU and US. It is also notable that there has been a progressive acceleration in total GDP growth during the year which gives ground for optimism looking forward into 2018.



The Monetary Policy Committee, (MPC), of the Bank of England meeting on 14 September 2017 shocked financial markets and forecasters by suddenly switching to a much more aggressive tone in terms of its words around warning that Bank Rate will need to rise soon. The Bank of England Inflation Reports during 2017 have clearly flagged up that it expected CPI inflation to peak at just under 3% in 2017, before falling back to near to its target rate of 2% in two years' time. The Bank revised its forecast for the peak to just over 3% at the 14 September meeting. (Inflation actually came in at 3.1% in November so that may prove now to be the peak. Inflation fell to 3.0% in December.) This marginal revision in the Bank's forecast can hardly justify why the MPC became so aggressive with its wording; rather, the focus was on an emerging view that with unemployment having already fallen to only 4.3%, the lowest level since 1975, and improvements in productivity being so weak, that the amount of spare capacity in the economy was significantly diminishing towards a point at which they now needed to take action. In addition, the MPC took a more tolerant view of low wage inflation as this now looks like a common factor in nearly all western economies as a result of automation and globalisation. However, the Bank was also concerned that the withdrawal of the UK from the EU would effectively lead to a decrease in such globalisation pressures in the UK, and so this would cause additional inflationary pressure over the next few years.

At Its 2 November meeting, the MPC duly delivered a 0.25% increase in Bank Rate. It also gave forward guidance that they expected to increase Bank Rate only twice more in the next three years to reach 1.0% by 2020. This is, therefore, not quite the 'one and done' scenario but is, nevertheless, a very relaxed rate of increase prediction in Bank Rate in line with previous statements that Bank Rate would only go up very gradually and to a limited extent.

However, some forecasters are flagging up that they expect growth to accelerate significantly towards the end of 2017 and then into 2018. This view is based primarily on the coming fall in inflation, (as the effect of the effective devaluation of sterling after the EU referendum drops out of the CPI statistics), which will bring to an end the negative impact on consumer spending power. In addition, a strong export performance will compensate for weak services sector growth. If this scenario was indeed to materialise, then the MPC would be likely to accelerate its pace of increases in Bank Rate during 2018 and onwards.

It is also worth noting the contradiction within the Bank of England between action in 2016 and in 2017 by two of its committees. After the shock result of the EU referendum, the Monetary Policy Committee (MPC) voted in August 2016 for emergency action to cut Bank Rate from 0.50% to 0.25%, restarting £70bn of QE purchases, and also providing UK banks with £100bn of cheap financing. The aim of this was to lower borrowing costs, stimulate demand for borrowing and thereby increase expenditure and demand in the economy. The MPC felt this was necessary in order to ward off their expectation that there would be a sharp slowdown in economic growth. Instead, the economy grew robustly, although the Governor of the Bank of England strongly maintained that this was because the MPC took that action. However, other commentators regard this emergency action by the MPC as being proven by events to be a mistake. Then in 2017, we had the Financial Policy Committee (FPC) of the Bank of England taking action in June and September over its concerns that cheap borrowing rates, and easy availability of consumer credit, had resulted in too rapid a rate of growth in consumer borrowing and in the size of total borrowing, especially of unsecured borrowing. It, therefore, took punitive action to clamp down on the ability of the main banks to extend such credit. Indeed, a PWC report in October 2017 warned that credit card, car and personal loans and student debt will hit the equivalent of an average of £12,500 per household by 2020. However, averages belie wide variations in levels of debt with much higher exposure being biased towards younger people, especially the 25 -34 year old band, reflecting their lower levels of real income and asset ownership.

One key area of risk is that consumers may have become used to cheap rates since 2008 for borrowing, especially for mortgages. It is a major concern that some consumers may have over extended their borrowing and have become complacent about interest rates going up after Bank Rate had been unchanged at 0.50% since March 2009 until falling further to 0.25% in August 2016. This is why forward guidance from the Bank of England continues to emphasise slow and gradual increases in Bank Rate in the coming years. However, consumer borrowing is a particularly vulnerable area in terms of the Monetary Policy Committee getting the pace and strength of Bank Rate increases right - without causing a sudden shock to consumer demand, confidence and thereby to the pace of economic growth.

Moreover, while there is so much uncertainty around the Brexit negotiations, consumer confidence, and business confidence to spend on investing, it is far too early to be confident about how the next two to three years will actually pan out.

From time to time, gilt yields – and therefore PWLB rates - can be subject to exceptional levels of volatility due to geo-political, sovereign debt crisis and emerging market developments. Such volatility could occur at any time during the forecast period.

Economic and interest rate forecasting remains difficult with so many external influences weighing on the UK. Forecasts (and MPC decisions) will be liable to further amendment depending on how economic data and developments in financial markets transpire over the next year. Geopolitical developments, especially in the EU, could also have a major impact. Forecasts for average investment earnings beyond the three-year time horizon will be heavily dependent on economic and political developments.

The overall balance of risks to economic recovery in the UK is probably to the downside, particularly with the current level of uncertainty over the final terms of Brexit.

Downside risks to current forecasts for UK gilt yields and PWLB rates currently include:

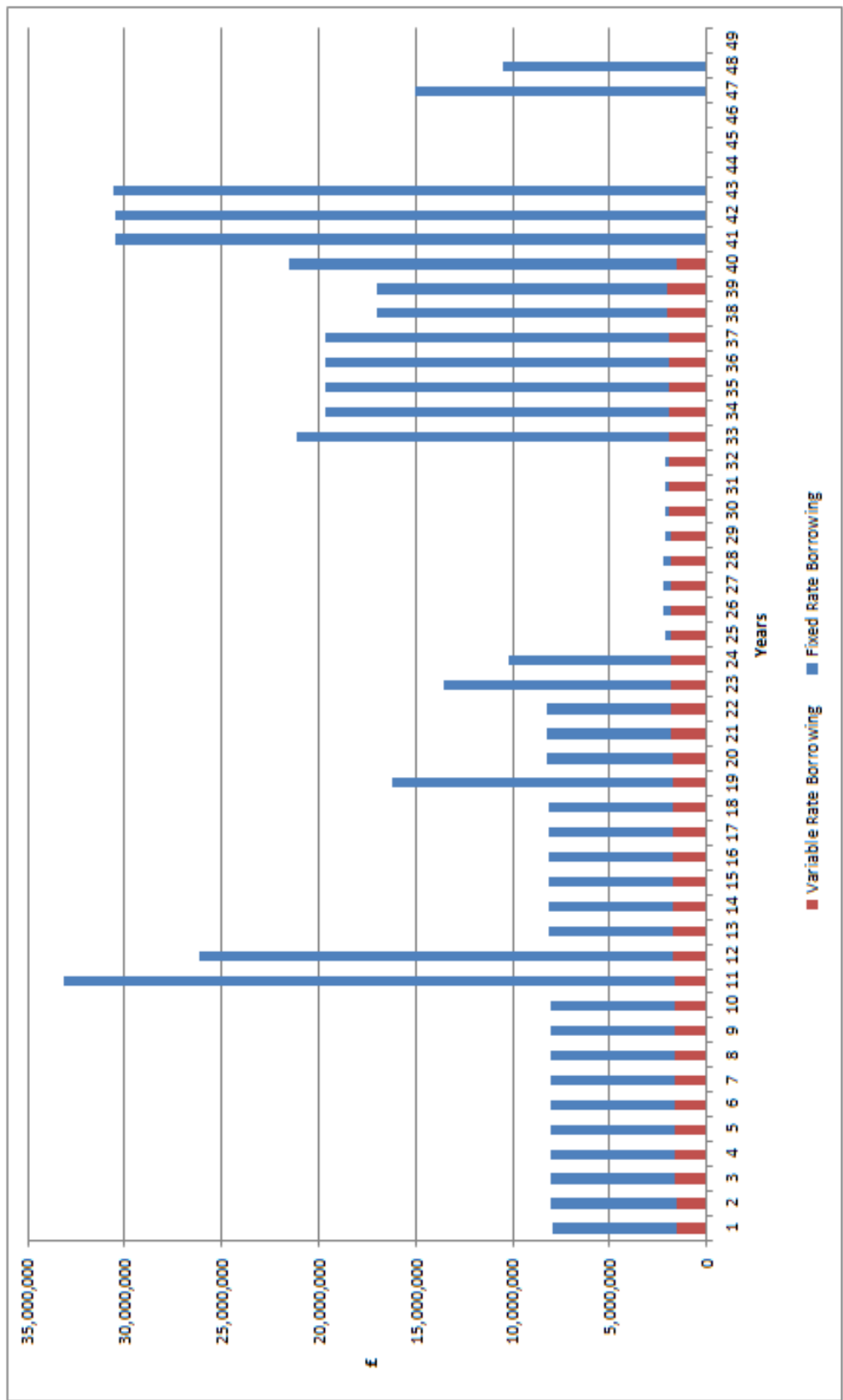
- The Bank of England takes action too quickly over the next three years to raise Bank Rate and causes UK economic growth, and increases in inflation, to be weaker than we currently anticipate.
- Geopolitical risks, especially North Korea, but also in Europe and the Middle East, which could lead to increasing safe haven flows.
- A resurgence of the Eurozone sovereign debt crisis, possibly Italy, due to its high level of government debt, low rate of economic growth and vulnerable banking system.
- Weak capitalisation of some European banks.
- Germany is still without an effective government after the inconclusive result of the general election in October. In addition, Italy is to hold a general election on 4 March and the anti EU populist Five Star party is currently in the lead in the polls, although it is unlikely to get a working majority on its own. Both situations could pose major challenges to the overall leadership and direction of the EU as a whole and of the individual respective countries. Hungary will hold a general election in April 2018.
- The result of the October 2017 Austrian general election has now resulted in a strongly anti-immigrant coalition government. In addition, the Czech ANO party became the largest party in the October 2017 general election on a platform of being strongly against EU migrant quotas and refugee policies. Both developments could provide major impetus to other, particularly former Communist bloc countries, to coalesce to create a major block to progress on EU integration and centralisation of EU policy. This, in turn, could spill over into impacting the Euro, EU financial policy and financial markets.
- Rising protectionism under President Trump
- A sharp Chinese downturn and its impact on emerging market countries

The potential for upside risks to current forecasts for UK gilt yields and PWLB rates, especially for longer term PWLB rates include: -

- The Fed causing a sudden shock in financial markets through misjudging the pace and strength of increases in its Fed. Funds Rate and in the pace and strength of reversal of Quantitative Easing, which then leads to a fundamental reassessment by investors of the relative risks of holding bonds, as opposed to equities. This could lead to a major flight from bonds to equities and a sharp increase in bond yields in the US, which could then spill over into impacting bond yields around the world.
- The Bank of England is too slow in its pace and strength of increases in Bank Rate and, therefore, allows inflation pressures to build up too strongly within the UK economy, which then necessitates a later rapid series of increases in Bank Rate faster than we currently expect.
- UK inflation returning to sustained significantly higher levels causing an increase in the inflation premium inherent to gilt yields.

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DEBT MATURITY PROFILE



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## REVISED PRUDENTIAL INDICATORS 2016/17

The premium arising from the granting of a new head lease for land in White Hart Road occupied by Wightlink Ltd in 2016/17 was originally accounted for as a capital receipt and the treasury management outturn position was reported on this basis prior to the audit of the Council's accounts being completed. The Council granted a new head lease to Canada Life for a premium subject to a lease back to the Council for an ongoing rent. Both transactions take the legal form of leases, however when taken together they are in substance a £72m variable rate loan from Canada Life. Following discussion with the auditors it was agreed that these transactions should be accounted for as borrowing rather than a capital receipt. Following this decision some of the outturn prudential and treasury management indicators for 2016/17 have been revised.

This has had the following effect on the Council's external debt:

	£m
Recognition of £72m borrowed from Canada Life under revised accounting treatment	72
Derecognition of new finance lease recognised for Wightlink Terminal building under original accounting treatment	(10)
<b>Net increase in external debt</b>	<b>62</b>

Following this decision some of the outturn prudential and treasury management indicators for 2016/17 have been revised.

	Indicators Stated in Treasury Management Outturn Report Based on Unaudited Accounts	Revised Indicators Based on Audited Accounts	Variance	
Ratio of non-Housing Revenue Account (HRA) financing costs to non HRA net revenue stream	9.9%	10.7%	0.8%	Expenditure that was previously classified as rent on an operating lease for the land that the Wightlink Terminal occupies is now accounted for interest on borrowing
Non HRA capital expenditure	£193,853,000	£183,834,581	-£10,018,419	The acquisition of a finance lease of the Wightlink Terminal building is no longer recognised as capital expenditure
Non HRA capital financing requirement at 31 March	£340,948,000	£375,158,000	£34,210,000	The Council's underlying need to borrow has increased because £45m of capital expenditure that was financed from capital receipts is now being financed from unsupported borrowing. This is partly offset by the £10m finance lease for the Wightlink Terminal building being derecognised and £1m being set aside to repay the newly recognised loan from Canada Life.
External debt at 31 March	£579,343,337	£641,396,454	£62,053,117	The increase in external debt arises from the recognition of a £72m loan partly off set by the derecognition of a £10m finance lease on the Wightlink Terminal building.



# TREASURY MANAGEMENT INDICATORS

Interest Rate Exposures (paragraphs 4.7 and 4.8 of Treasury Management Policy Statement)						
	Original Outturn 2016/17 £m	Revised Outturn 2016/17 £m	Revised Estimate 2017/18 £m	Original Estimate 2018/19 £m	Original Estimate 2019/20 £m	Original Estimate 2020/21 £m
Upper limit for fixed interest rate exposure (paragraph 4.7 of Treasury Management Policy Statement)	315	315	364	454	472	466
Upper limit for variable interest rate exposure (para 4.8 of Treasury Management Policy Statement)*	(257)	(185)	(237)	(289)	(166)	(134)

\* The 2016/17 outturn for variable interest rate exposure has been revised downwards following the recognition of a £72m loan from Canada Life which nets off the variable interest rate exposure arising from short term investments.

**TREASURY MANAGEMENT INDICATORS (Continued)**

<b>Total Sums Invested for Periods Longer than 365 Days (paragraph 4.9 of Treasury Management Policy Statement)</b>				
	<b>31/03/2018</b>	<b>31/03/2019</b>	<b>31/03/2020</b>	<b>31/03/2021</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Actual sums invested for periods longer than 365 days at 31 March 2017	103	10	10	10
Estimated sums invested for periods longer than 365 days at 31 March 2018	139	35	10	2
Limits on total sums invested for periods longer than 365 days at 31 March	192	158	133	110

<b>Limits on the Maturity Structure of Fixed Rate Borrowing (paragraph 4.10 of Treasury Management Policy Statement)</b>				
	<b>Actual at 31 March 2017</b>	<b>Estimated at 31 March 2018</b>	<b>Lower Limit</b>	<b>Upper Limit</b>
Under 12 months	1%	4%	0%	10%
12 months and within 24 months	4%	1%	0%	10%
24 months and within 5 years	4%	4%	0%	10%
5 years and within 10 years	6%	7%	0%	20%
10 years and within 20 years	22%	24%	0%	30%
20 years and within 30 years	11%	8%	0%	30%
30 years and within 40 years	21%	25%	0%	30%
40 years and within 50 years	31%	27%	0%	40%

<b>Limits on the Maturity Structure of Variable Rate Borrowing (paragraph 4.10 of Treasury Management Policy Statement)</b>				
	<b>Actual at 31 March 2017</b>	<b>Estimated at 31 March 2018</b>	<b>Lower Limit</b>	<b>Upper Limit</b>
Under 12 months	2%	2%	0%	10%
12 months and within 24 months	2%	2%	0%	10%
24 months and within 5 years	7%	7%	0%	10%
5 years and within 10 years	11%	12%	0%	20%
10 years and within 20 years	24%	24%	0%	30%
20 years and within 30 years	25%	26%	0%	30%
30 years and within 40 years	27%	27%	0%	30%
40 years and within 50 years	2%	0%	0%	10%

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## **APPENDIX E**

### **DEFINITIONS OF LONG TERM CREDIT RATINGS**

Credit ratings are issued by three main credit rating agencies, Fitch, Moody's and Standard & Poor. All three agencies use broadly the same scale. Fitch defines its long term ratings as follows:

**AAA: Highest credit quality**

"AAA" ratings denote the lowest expectation of default risk. They are assigned only in cases of exceptionally strong capacity for payment of financial commitments. This capacity is highly unlikely to be adversely affected by foreseeable events.

**AA: Very high credit quality**

"AA" ratings denote expectations of very low default risk. They indicate very strong capacity for payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.

**A: High Credit Quality**

"A" ratings denote expectations of low default risk. The capacity for payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to adverse business or economic conditions than in the case of the higher ratings.

**BBB: Good credit quality**

"BBB" ratings indicate that expectations of default risk are currently low. The capacity for payment of financial commitments is considered adequate but adverse business or economic conditions are more likely to impair this capacity.

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## INSTITUTIONS MEETING INVESTMENT CRITERIA

Category	Counter Party	Average Long Term Credit Rating *	Comments	Investment Limit £	Maximum Term
1	United Kingdom Government including investments explicitly guaranteed by the UK Government	AA+		Unlimited	6 years
2	All local authorities in England, Scotland & wales	n/a		30,000,000	6 years
3	Registered Social Landlords (RSLs)	AA-		30,000,000	10 years
4	Australia & New Zealand Banking Group	AA-		26,000,000	6 years
4	Commonwealth Bank of Australia	AA-		26,000,000	6 years
4	National Australia Bank	AA-		26,000,000	6 years
4	Westpac Banking Corporation	AA-		26,000,000	6 years
4	Toronto Dominion Bank	AA-		26,000,000	6 years
4	DZ Bank AG	AA		26,000,000	6 years
4	Landwirtschaftliche Rentenbank	AAA		26,000,000	6 years
4	NRW Bank	AA+		26,000,000	6 years
4	OP Corporate Bank Plc	AA-		26,000,000	6 years
4	Bank Nederlanden Gemeeten	AAA-		26,000,000	6 years
4	Nederlandse Waterschapsbank NV	AAA		26,000,000	6 years
4	Cooperative Rabobank UA	AA-		26,000,000	6 years
4	DBS Bank	AA		26,000,000	6 years
4	Overseas Chinese Banking Corp	AA		26,000,000	6 years
4	United Overseas Bank	AA		26,000,000	6 years
4	Nordia Bank AB	AA-		26,000,000	6 years
4	Skandinaviska Enskilda Banken (SEB)	AA-		26,000,000	6 years
4	Svenska Handelsbanken	AA		26,000,000	6 years
4	Swedbank AB	AA-		26,000,000	6 years
4	UBS AG	AA-	Upgraded from category 6	26,000,000	6 years
4	HSBC Bank plc	AA-		26,000,000	6 years
4	Nationwide Building Society	A+	Upgraded from category 6	26,000,000	6 years
4	Bank of New York Mellon	AA		26,000,000	6 years
4	JP Morgan Chase Bank NA	AA-		26,000,000	6 years
4	Morgan Stanley	AA-		26,000,000	6 years
4	Wells Fargo Bank NA	AA-		26,000,000	6 years
4	Nordic Investment Bank	AAA		26,000,000	6 years
4	Inter-American Development Bank	AAA		26,000,000	6 years
4	IBRD (World Bank)	AAA		26,000,000	6 years
4	Council of Europe Development Bank	AA+		26,000,000	6 years
4	European Bank for Reconstruction & Development	AAA		26,000,000	6 years
4	European Investment Bank	AA+		26,000,000	6 years

Category	Counter Party	Average Long Term Credit Rating *	Comments	Investment Limit £	Maximum Term
4	Global Treasury Funds Plc	AAA	Money Market Fund	26,000,000	Instant Access
4	Morgan Stanley Funds Plc	AAA	Money Market Fund	26,000,000	Instant Access
4	Short Term Investment Company (Global Series) Plc	AAA	Money Market Fund	26,000,000	Instant Access
4	Goldman Sachs Sterling Liquidity Reserve	AAA	Money Market Fund	26,000,000	Instant Access
4	Scottish Widows Investment Partnership Global Liquidity Sterling Fund	AAA	Money Market Fund	26,000,000	Instant Access
4	BNY Mellon Sterling Liquidity Fund	AAA	Money Market Fund	26,000,000	Instant Access
4	Deutsche Global Liquidity Series Plc	AAA	Money Market Fund	26,000,000	Instant Access
4	Morgan Stanley Funds Plc	AAA	Money Market Fund	26,000,000	Instant Access
4	Aberdeen Investment Cash OEIC Plc	AAA	Money Market Fund	26,000,000	Instant Access
4	Insight Investment	AAA	Money Market Fund	26,000,000	Instant Access
4	Federated Investors (UK) LLP	AAA	Money Market Fund	26,000,000	Instant Access
4	Royal London Asset Management	AAA	Money Market Fund	26,000,000	Instant Access
4	Standard Life Sterling Liquidity Fund	AAA	Money Market Fund	26,000,000	Instant Access
5	Registered Social Landlords (RSLs)	A-		20,000,000	10 years

Category	Counter Party	Average Long Term Credit Rating *	Comments	Investment Limit £	Maximum Term
6	Standard Chartered Bank	A+		20,000,000	6 years
6	Santander UK Plc	A+	Upgraded from category 7	20,000,000	6 years
6	Close Brothers Ltd	A+		20,000,000	6 years
6	Bank of Montreal	A+		20,000,000	6 years
6	Canadian Imperial Bank of Commerce	A+		20,000,000	6 years
6	Bank of Nova Scotia	A+		20,000,000	6 years
6	Lloyds Bank plc	A+	Upgraded from category 7	20,000,000	6 years
6	Royal Bank of Canada	A+		20,000,000	6 years
6	BNP Paribas	A+		20,000,000	6 years
6	Credit Agricole	A+	Upgraded from category 7	20,000,000	6 years
6	Credit Industriel et Commercial	A+		20,000,000	6 years
6	Landesbank Hessen - Thuringen	A+		20,000,000	6 years
6	ING Bank NV	A+		20,000,000	6 years
6	ABN Amro Bank NV	A+		20,000,000	6 years
6	Bank of America NA	A+		20,000,000	6 years
6	Citibank NA	A+		20,000,000	6 years
6	Goldman Sachs (including Goldman Sachs International Bank)	A+		20,000,000	6 years
6	Coventry Building Society	A	Upgraded from category 7	20,000,000	6 years
6	Standard Life Investments	AAA	Short Duration Cash Fund	20,000,000	3 working days notice
6	Aberdeen Investment Cash OEIC Plc	AAA	Cash Investment Fund	20,000,000	3 working days notice
6	Insight Investment	AAA	Liquidity Plus Fund	20,000,000	4 working days notice
6	Federated Investors (UK) LLP	AAA	Cash Plus Fund	20,000,000	2 working days notice
6	Aviva Investors Sterling Strategic Liquidity Fund	AAA	Cash Plus Fund	20,000,000	1 working days notice
6	Royal London Asset Management	AA	Cash Plus Fund	20,000,000	2 working days notice



Category	Counter Party	Average Long Term Credit Rating *	Comments	Investment Limit £	Maximum Term
7	Macquarie Bank	A	New counter party	15,000,000	6 years
7	Sumitomo Mitsui Banking Corporation Eurpoe Ltd	A		15,000,000	6 years
7	National Bank of Canada	A	Downgraded from category 6	15,000,000	6 years
7	Danske Bank	A		15,000,000	6 years
7	Societie Generale	A		15,000,000	6 years
7	Landesbank Baden Wurttemberg	A	Downgraded from category 6	15,000,000	6 years
7	Credit Suisse	A		15,000,000	6 years
7	Leeds Building Society	A-		15,000,000	6 years
7	Barclays Bank Plc	A	Upgraded from category 8	15,000,000	6 years
8	Bayern LB	A-	Downgraded from category 7	10,000,000	6 years
9	Subsidiary companies of the City Council	Unrated	New category to reflect the inclusion of these counter parties as non-specified investments at the Mid-Year Review	20,000,000	Unlimited
10	Yorkshire Building Society	A-	Short term rating P2	10,000,000	2 years
11	Corporate Bonds	BBB+		7,000,000	364 days
12	Corporate Bond Funds	BBB (average rating)		8,000,000	Instant access subject to underlying bonds being sold

Category	Counter Party	Average Long Term Credit Rating *	Comments	Investment Limit £	Maximum Term
13	Progressive Building Society	Unrated	Upgraded from category 13	6,000,000	2 years
13	Saffron	Unrated	New counter party	5,600,000	2 years
13	Leek United Building Society	Unrated	Upgraded from category 13	4,600,000	2 years
13	Ipswich	Unrated	New counter party	2,900,000	2 years
13	Darlington Building Society	Unrated	Upgraded from category 13	2,700,000	2 years
13	Market Harborough Building Society	Unrated	Upgraded from category 13	2,100,000	2 years
13	Scottish Building Society	Unrated	Upgraded from category 13	2,000,000	2 years
13	Manchester	Unrated	New counter party	1,900,000	2 years
13	Tipton & Coseley Building Society	Unrated		1,900,000	2 years
13	Hanley Economic Building Society	Unrated	Upgraded from category 13	1,900,000	2 years
13	Dudley Building Society	Unrated		1,800,000	2 years
14	Newcastle	Unrated	New counter party	6,000,000	365 days
14	Cumberland	Unrated	New counter party	6,000,000	365 days
14	National Counties	Unrated	New counter party	6,000,000	365 days
14	Monmouthshire	Unrated	New counter party	5,300,000	365 days
14	Newbury Building Society	Unrated		4,700,000	365 days
14	Furness Building Society	Unrated	Downgraded from category 12	4,100,000	365 days
14	Hinkley and Rugby Building Society	Unrated		3,200,000	365 days
14	Marsden Building Society	Unrated	Downgraded from category 12	2,100,000	365 days
14	Melton Mowbray Building Society	Unrated		2,100,000	365 days
15	Hampshire Community Bnk	Unrated	Maximum term extended from 6 years to 10 years	10,000,000	10 years

### Notes

There are a large number of corporate bonds, registered social landlords (RSLs) and universities and as a result they have not been individually included in the tables above.

\* The long term credit ratings shown are adjusted to take account of possible future actions resulting from negative watches & outlooks.

# Agenda Item 8

Agenda item:

**Decision maker:** Cabinet 16<sup>th</sup> March 2018

**Subject:** Revenue Budget Monitoring 2017/18 (3<sup>rd</sup> Quarter) to end December 2017

**Report by:** Director of Finance & Information Technology

**Wards affected:** All

**Key decision (over £250k):** Yes

## 1. Purpose of Report

- 1.1 The purpose of this report is to update members on the current Revenue Budget position of the Council as at the end of the third quarter for 2017/18 in accordance with the proposals set out in the "Portsmouth City Council - Budget & Council Tax 2018/19 & Medium Term Budget Forecast 2019/20 to 2021/22" report approved by the City Council on the 13<sup>th</sup> February 2018.

## 2. Recommendations

- 2.1 It is recommended that:

- (i) The forecast outturn position for 2017/18 be noted:

(a) An underspend of £1,257,600 before further forecast transfers (from)/to Portfolio Specific Reserves & Ring Fenced Public Health Reserve

(b) An underspend of £133,300 after further forecast transfers (from)/to Portfolio Specific Reserves & Ring Fenced Public Health Reserve.

- (ii) Members note:

(a) That any actual overspend at year end will in the first instance be deducted from any Portfolio Specific Reserve balance and once depleted then be deducted from the 2018/19 Cash Limit.

(b) That on 13<sup>th</sup> February 2018 City Council approved that any underspending for 2017/18 arising at year-end outside of those made by Portfolio's (currently forecast at £133,300) be transferred to Capital resources.

- (iii) Directors, in consultation with the appropriate Cabinet Member, consider options that seek to minimise any forecast overspend presently being reported and prepare strategies outlining how any consequent reduction to the 2018/19 Portfolio cash limit will be managed to avoid further overspending during 2018/19.

### **3. Background**

- 3.1 The revised budget for 2017/18 of £161,941,000 was approved by City Council on the 13<sup>th</sup> February 2018. This level of spending enabled a contribution to General Reserves of £1.39m since in year income exceeds in year spending.
- 3.2 This is the third quarter monitoring report of 2017/18 and reports on the forecast 2017/18 outturn as at the end of December 2017. The forecasts summarised in this report are made on the basis that management action to address any forecast overspends are only brought in when that action has been formulated into a plan and there is a high degree of certainty that it will be achieved.
- 3.3 Any variances within Portfolios that relate to windfall costs or windfall savings will be met / taken corporately and not generally considered as part of the overall budget performance of a Portfolio. "Windfall costs" are defined as those costs where the manager has little or no influence or control over such costs and where the size of those costs is high in relation to the overall budget controlled by that manager. "Windfall costs" therefore are ordinarily met corporately from the Council's central contingency. A manager / Cabinet Member however, does have an obligation to minimise the impact of any "windfall cost" from within their areas of responsibility in order to protect the overall Council financial position. Similarly, "windfall savings" are those savings that occur fortuitously without any manager action and all such savings accrue to the corporate centre.
- 3.4 The Financial summary attached at Appendix A has been prepared in Portfolio format and is similar in presentation, but not the same as, the more recognisable "General Fund Summary" presented as part of the Budget report approved by Council on 13<sup>th</sup> February 2018. The format presented at Appendix A has been amended to aid understandability for monitoring purposes by excluding all non cash items which have a neutral effect on the City Council's budget such as Capital Charges. In addition to this, Levies and Insurances are shown in total and have therefore been separated from Portfolios to also provide greater clarity for monitoring purposes.

### **4 Forecast Outturn 2017/18 – As at end December 2017**

- 4.1 At the third quarter stage, the revenue outturn for 2017/18 after further forecast transfers from/to Portfolio Specific Reserves (Underspends are retained by right) is forecast to be underspent by £133,300 representing an overall budget variance of 0.1%.
- 4.2 The quarter 3 variance consists of a number of forecast under and overspends.

The most significant overspendings at the quarter 3 stage are:

Quarter 1 Forecast Variance	Quarter 2 Forecast Variance		Quarter 3 Forecast Variance	Quarter 3 Forecast Variance (After Transfers From Portfolio Reserves)
£	£		£	£
2,828,700	2,366,700	Children's Social Care	2,963,500	2,963,500
133,000		Culture Leisure & Sport		
1,431,000	758,100	Health & Social Care	1,559,400	1,701,100
		Housing	111,300	Nil
125,400		Traffic & Transportation	370,200	252,700

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

Quarter 1 Forecast Variance	Quarter 2 Forecast Variance		Quarter 3 Forecast Variance	Quarter 3 Forecast Variance (After Transfers To Portfolio Reserves)
£	£		£	£
418,300	388,400	Environment & Community Safety	724,800	Nil
231,000	476,100	Planning, Regeneration & Economic Development	441,800	443,600
680,600	475,000	Port		
333,500	529,500	Resources	624,900	416,500
2,411,100	2,508,600	Treasury Management	200,000	200,000
2,054,000	1,254,000	Other Miscellaneous Expenditure	3,990,500	3,990,500

## 5 Quarter 3 Significant Budget Variations – Forecast Outturn 2017/18

### 5.1 Children's Social Care – Overspend £2,963,500 (or 12.3%) or After Transfer From Portfolio Reserve £2,963,500 (12.3%)

The cost of Children's Social Care is forecast to be £2,963,500 higher than budgeted.

The overspend is primarily related to higher costs and numbers of child placements (£3,383,600) offset by reduced staffing costs due to staff turnover and the holding of posts vacant (£420,100).

Expenditure on looked after children in 2017/18 is also significantly affected by the increase in the number of unaccompanied asylum seeking children under the age of 18 (UAMs) who have arrived in Portsmouth. This cost pressure, across the service, is

estimated to be approximately £1m. The council has lobbied the Government to strengthen the National Transfer Scheme through which responsibility for UAMs is shared across local authorities. Currently the scheme is voluntary and is not working effectively to achieve its aim of a fairer distribution of costs between authorities.

Of the £3.0m forecast overspending in 2017/18, £1.8m relates to an underlying budget deficit within the Portfolio and £1.2m relates to costs not expected to re-occur in 2018/19 (These non-recurring costs include: unanticipated secure accommodation requirements (£0.3m) and child placements that have ended during 2017/18 or will end on an age related basis during 2018/19).

Proposals to minimise the current underlying deficit were considered by Cabinet on 29<sup>th</sup> June 2017 and an increase in social work capacity was approved. Proposals to eliminate any deficit arising in 2018/19 continue to be developed, including increasing expert specialist mental health advice available to social workers and foster carers to help them meet the needs of young people, and the creation of two new services: the Prevention and Early Years Help service which is intended to reduce demand for statutory services and more recently the Edge of Care service which is designed to avoid admission of children and young people, particularly teenagers, into care.

## 5.2 Health and Social Care – Overspend £1,559,400 (3.6%) or After Transfer to Public Health Reserve £1,701,100 (4.0%)

The cost of Health and Social Care is forecast to be £1,559,400 higher than budgeted.

The key variances are:

- The cost of Public Health is forecast to be £141,700 lower than budgeted as a result of staff vacancies. This underspending will be transferred to the ring fenced Public Health Reserve.
- Increased demand for Learning Disability, Deprivation of Liberty (DoLs) assessments and delays in the moving of clients with mental issues from residential homes to more independent settings (£871,200).
- Increased staffing/agency costs, reduced client contributions and the non-achievement of planned savings within In House Residential Day Care (£829,900).

Whilst an overspend of £1,701,100 is forecast in 2017/18, this is after adjusting for cost reductions that will not arise in future years. As a consequence the underlying deficit within Adult Social Care is forecast to have increased from £1.8m as at quarter 2 to £2.8m as at quarter 3. As a result of these unfunded cost pressures within Adult Social Care, City Council at its meeting on 13<sup>th</sup> February 2018 resolved to take advantage of the flexibility offered by Government to implement a "Social Care Precept". In accordance with the conditions of that flexibility, the full amount of the associated sum generated of £1.07m will be passported directly to Adult Social Care. As a consequence, the underlying 2018/19 Adult Social Care deficit is currently forecast to be £1.7m. Proposals to minimise the current and forecast underlying deficits continue to be formulated.

5.3 Housing – Overspend £111,300 (4.4%) or After Transfer From Portfolio Reserve Nil

The cost of Housing is forecast to be £111,300 higher than budgeted.

The cost of providing bed and breakfast accommodation is expected to exceed the budget by £167,000 as a result of increased demand by families for homeless accommodation.

This overspending is mitigated by minor underspending elsewhere within the Portfolio.

5.4 Traffic and Transportation – Overspend £370,200 (2.3%) or After Transfer From Portfolio Reserves £252,700 (1.6%)

The cost of Traffic & Transportation is forecast to be £370,200 higher than budgeted.

This overspending is due to increased National Non Domestic Rate Charges at the Hard Bus Interchange and Off Street Carparks (£111,800) coupled with a delay in the installation of LED street lighting which will lead to significant savings in energy costs once completed (£252,700). The additional spending on energy costs will be met by a release from Contingency in 2017/18.

5.5 Environment and Community Safety – Underspend £724,800 (5.1%) or After Transfer To Portfolio Reserve Nil

The cost of Environment and Community Safety is forecast to be £724,800 lower than budgeted.

Following a comprehensive service review within the Refuse Collection Service forecast savings totalling £156,100 have been identified.

A reduction in Waste Disposal costs totalling £267,800 is currently forecast as a result of the part year effect of an amendment to the operator's contract and the final settlement of the 2016/17 profit share in respect of the Materials Recycling Facility (MRF).

Sea Defences & Drainage related expenditure is expected to be £209,600 below budget primarily due to lower levels of reactive repairs being required as a result of largely favourable winter weather conditions. Any underspending at year end will be transferred to a Specific Flood Measures Reserve.

In addition lower spending within Hidden Harm (£74,900) as a result of staff vacancies offset by higher staffing costs within Emergency Planning (£14,300) has arisen.

5.6 Planning, Regeneration and Economic Development – Underspend £441,800 (4.6%) or After Transfer From Portfolio Reserve and Windfall Items £443,600 underspend (4.6%)

The cost of Planning, Regeneration and Economic Development is forecast to be £441,800 lower than budgeted.



The underspending is primarily as a result of windfall rental income of £445,000 arising from the Commercial Property Portfolio.

5.7 Resources – Underspend £624,900 (3.4%) or After windfall items and Transfer To Portfolio Reserve £416,500 (2.3%) underspend

The cost of Resources is forecast to be £624,900 lower than budgeted.

Underspending of 402,700 is due to the difference between Housing Benefit Rent Allowances/Rebates paid to claimants and the Housing Benefit Subsidy reimbursed by Government. The total value of Housing Benefit paid to claimants is in excess of £110m and minor fluctuations in the factors affecting Housing Benefit can result in material variances. As a result this variance is treated as windfall (see paragraph 3.3).

Further underspending of £222,200 has also arisen, primarily as a result of posts being held vacant in preparation for future savings requirements, along with difficulties recruiting to posts, coupled with increased traded services income within HR, Audit and Payroll.

5.8 Treasury Management – Underspend £200,000 (or 1.0%)

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

5.9 Other Miscellaneous Expenditure - Underspend £3,990,500

Contingency - Planned Release £3,579,700

As outlined above, Adults and Children's Social Care are presently forecast to overspend by £4,664,600 (after transfers to reserves). Some of this forecast overspending may be mitigated by action plans currently under development; however it is unlikely that these Portfolio's will be able to contain this level of overspending within their current cash limits. The contingency has been deliberately prepared to guard against the risk that some of the savings proposals of these Services may not be fully achievable. The amount of contingency that can be estimated to be releasable at this stage for this purpose is £3,327,000. In addition £252,700 is planned to be released from Contingency due to increased street lighting energy costs as a result of a delay in the LED Street Lighting project which commenced during 2017/18.

Other Miscellaneous Expenditure is forecast to be £410,800 less than budgeted primarily as a result of early implementation of 2018/19 savings, costs expected to require funding in 2017/18 not needing funding until 2018/19 and a reduction in the provision for inflation.

5.10 All Other Budget Variations – Underspend £162,500 or After Transfers From/To Portfolio Reserves Nil

All variations are summarised in Appendix A

**6. Transfers From/To Portfolio Specific Reserves**

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

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

The forecast balance of each Portfolio Specific Reserve that will be carried forward into 2018/19 is set out below:

Portfolio/Committee Reserve	Balance Brought Forward £	Approved Transfers 2017/18 £	Forecast Under/ (Over) Spending £	Balance Carried Forward £
Children's Social Care	83,700	(83,700)	0	0
Culture, Leisure & Sport	547,800	(39,000)	58,900	567,700
Education	210,700	(126,300)	61,300	145,700
Environment & Community Safety	1,504,100	(232,100)	724,800	1,996,800
Health & Social Care	0	0	0	0
Housing	848,300	0	(111,300)	737,000
Leader	46,900	0	0	46,900
PRED	134,500	(24,700)	(1,800)	108,000
Port	2,561,200	665,400	49,100	3,275,700
Resources	1,240,000	(307,400)	208,400	1,141,000
Traffic & Transportation	306,400	(59,800)	0	246,600
Licensing	138,600	0	5,500	144,100
Governance, Audit & Standards	367,500	0	(12,300)	355,200
<b>Total</b>	<b>7,989,700</b>	<b>(207,600)</b>	<b>982,600</b>	<b>8,764,700</b>

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

## 7. Conclusion - Overall Finance & Performance Summary

- 7.1 The overall forecast outturn for the City Council in 2017/18 as at the end of December 2017 is forecast to be £161,807,700. This is an overall underspend of £133,300 against the Revised Budget and represents a variance of 0.1%.
- 7.2 The forecast takes account of all known variations at this stage, but only takes account of any remedial action to the extent that there is reasonable certainty that it will be achieved.
- 7.3 The overall financial position is deemed to be “green” since the forecast outturn is lower than budget.
- 7.4 In financial terms, the combined forecast overspend within the Children's Social Care and Health & Social Care Portfolios of £4.7m represents the greatest concerns in terms of the impact that they have on the overall City Council budget for 2017/18. Of the £4.7m forecast overspending (after transfers from reserves) relating to these areas in 2017/18, £4.6m is forecast to continue into 2018/19 and future years. As a result of the unfunded cost pressures within Adult Social Care, City Council at its meeting on 13<sup>th</sup> February 2018 resolved to take advantage of the flexibility offered by Government to implement a "Social Care Precept". In accordance with the conditions of that flexibility, the full amount of the associated sum generated of £1.07m will be passported directly to Adult Social Care. Taking the "Social Care Precept" into account the combined underlying ongoing deficit from 2018/19 within the Children's Social Care and Health & Social Care Portfolios is forecast to be £3.5m.

- 7.5 This is a significant deterioration in the underlying stability of these budgets compared to 2016/17. Consequently, it is recommended that Directors continue to work with the relevant portfolio holder to consider measures to significantly reduce or eliminate the adverse budget position presently being forecast by these Portfolios, and any necessary decisions presented to a future meeting of the relevant Portfolio.
- 7.6 In terms of the overall budget position for 2017/18, the Council has set aside funding within the Contingency Provision to guard against potential overspending. So, whilst the forecast of overspending within some portfolios in the current year can be mitigated to a large extent, the underlying deficit will need to be addressed in 2018/19.
- 7.7 Where a Portfolio is presently forecasting a net overspend in accordance with current Council policy, any overspending in 2017/18 which cannot be met by transfer from the Portfolio Specific Reserve will be deducted from cash limits in 2018/19 and therefore the appropriate Directors in consultation with Portfolio Holders should prepare an action plan outlining how their 2017/18 forecast outturn or 2018/19 budget might be reduced to alleviate the adverse variances currently being forecast.
- 7.8 Based on the Revised Budget of £161,941,000 the Council will remain within its minimum level of General Reserves for 2017/18 of £7.0m as illustrated below:

	<u>£m</u>
General Reserves brought forward @ 1/4/2017	19.256
<u>Add:</u>	
Forecast Underspend 2017/18	0.133
<u>Add:</u>	
Planned Contribution to General Reserves 2017/18	1.389
<b>Forecast General Reserves carried forward into 2018/19</b>	<b>20.778</b>

Levels of General Reserves over the medium term are assumed to remain within the Council approved minimum sum of £7.0m in 2017/18 and £8.0m in future years since any ongoing budget pressures / savings will be reflected in future years' savings targets.

## 8. City Solicitor's Comments

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

## 9. Equalities Impact Assessment

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

.....

**Chris Ward**  
**Director of Finance & Information Service**

## **Background List of Documents –**

Section 100D of the Local Government Act 1972

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

<b>Title of Document</b>	<b>Location</b>
Budget & Council Tax 2018/19 & Medium Term Budget Forecast 2019/20 to 2021/22	Office of Deputy Director of Finance
Electronic Budget Monitoring Files	Financial Services Local Area Network

The recommendations set out above were:

Approved / Approved as amended / Deferred / Rejected by the Cabinet on 16<sup>th</sup> March, 2018

Signed: .....

# FINANCIAL AND SERVICE PERFORMANCE MONTH ENDING DECEMBER 2017

## Appendix A

### MONTHLY BUDGET MONITORING STATEMENT - CASH LIMIT 2017/18

**PORTFOLIO** City Council General Fund

**BUDGET** Total General Fund Expenditure

**TOTAL CASH LIMIT** 161,941,000

**CHIEF OFFICER** All Budget Holders

**MONTH ENDED** December 2017

ITEM No.	BUDGET HEADING	BUDGET FORECAST 2017/18			
		Total Budget	Forecast Year End Outturn	Variance vs. Total Budget	
		£	£	£	%
1	Children's Social Care	24,088,400	27,051,900	2,963,500	12.3%
2	Culture, Leisure & Sport	5,217,800	5,158,900	(58,900)	(1.1%)
3	Education	5,529,400	5,468,100	(61,300)	(1.1%)
4	Environment & Community Safety	14,185,700	13,460,900	(724,800)	(5.1%)
5	Health & Social Care	42,824,300	44,383,700	1,559,400	3.6%
6	Housing	2,537,500	2,648,800	111,300	4.4%
7	Leader	124,200	124,200	0	0.0%
8	PRED	(9,676,700)	(10,118,500)	(441,800)	(4.6%)
9	Port	(7,809,000)	(7,858,100)	(49,100)	(0.6%)
10	Resources	18,212,600	17,587,700	(624,900)	(3.4%)
11	Traffic & Transportation	15,974,300	16,344,500	370,200	2.3%
12	Licensing Committee	(232,400)	(237,900)	(5,500)	(2.4%)
13	Governance, Audit & Standards Com	98,100	110,400	12,300	12.5%
14	Levies	79,300	79,300	0	0.0%
15	Insurance	1,325,400	1,325,400	0	0.0%
16	Treasury Management	20,893,900	20,693,900	(200,000)	(1.0%)
17	Other Miscellaneous	28,568,200	24,577,700	(3,990,500)	(14.0%)
<b>TOTAL</b>		<b>161,941,000</b>	<b>160,800,900</b>	<b>(1,140,100)</b>	<b>(0.7%)</b>

**Total Value of Remedial Action (from Analysis Below)**

(117,500)

**Forecast Outturn After Remedial Action** 161,941,000 160,683,400 (1,257,600) (0.8%)

**Forecast Transfers To Portfolio Specific Reserves**

982,600

**Forecast Transfer To Ring Fenced Public Health Reserve**

141,700

**Forecast Outturn After Transfers (From)/To Portfolio Specific Reserves** 161,941,000 161,807,700 (133,300) (0.1%)

**Note** All figures included above exclude Capital Charges

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

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

Item No.	Reason for Variation	Value of Remedial Action	Forecast Portfolio Transfers
1	Children's Social Care	0	0
2	Culture, Leisure & Sport	0	58,900
3	Education	0	61,300
4	Environment & Community Safety	0	724,800
5	Health & Social Care	0	0
6	Housing	0	(111,300)
7	Leader	0	0
8	PRED	0	(1,800)
9	Port	0	49,100
10	Resources	0	208,400
11	Traffic & Transportation	(117,500)	0
12	Licensing Committee	0	5,500
13	Governance, Audit & Standards Com	0	(12,300)
14	Levies	0	
15	Insurance	0	
16	Asset Management Revenue Account	0	
17	Other Miscellaneous	0	
<b>Total Value of Remedial Action</b>		<b>(117,500)</b>	<b>982,600</b>

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

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**Report to:** Cabinet

**Subject:** Unaccompanied Asylum Seeking Children (UASC) Capacity Building Grant 2017-18

**Date of meeting:** 16<sup>th</sup> March 2018

**Report from:** Alison Jeffery, Director of Children, Families and Education

**Report by:** Sarah Newman, Deputy Director Children & Families Services

**Wards affected:** All

**Key decision:** No

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## 1. Purpose of report

- 1.1 The purpose of this report is to seek agreement to allocate the recently announced Unaccompanied Asylum Seeking Children (UASC) capacity building grant, to be paid in 2017-18, towards supporting the service provision for UASC in 2018-19.
- 1.2 The UASC grant funding allocated to Portsmouth is £188,126. It is not subject to any reporting requirements and will be paid via a S31 grant, Consequently it is unlikely that this will be ring fenced and therefore Cabinet approval is required in order to allocate this grant to the children's social care portfolio to support the continued development and delivery of care arrangements for UASC arriving in Portsmouth through the Port.
- 1.3 This funding will be used to continue to fund the additional staff help develop and maintain the service capacity required to fulfil our statutory duties to this cohort of children. This includes: social work support, placement costs, management oversight, independent review, and care leaver services.
- 1.4 Additional funding has been allocated to enable all local authorities to build their capacity to meet the additional demands of UASC. Portsmouth has been allocated £188,126 for this purpose. It is planned to use this to funding to maintain the statutory social care service to the increasing number of UASC coming through the Portsmouth port.



## **2. Recommendation**

- **2.1 Cabinet is recommended to approve the allocation of the UASC capacity building grant of £188,126 to the Children's Social Care portfolio for use in 2018-19.**

## **3. Background**

- 3.1 Increasing numbers of UASC have been arriving in Portsmouth on ferries from both France and Spain. Between April 2016 and March 2017 we received 39 UASC into the city and into the care of local authority. Between April 2017 and December 2017 we received a further 60 UASC into the city and into the care of the Local Authority.
- 3.2 Local Authorities do receive some funding for the care of UASC, but these costs do not cover social work, management and business support, and independent reviewing officer time. We have estimated that we would have to spend an additional £1 million a year in meeting our statutory responsibilities for this cohort of children at the current level.
- 3.3. In July 2016 the government introduced a voluntary dispersal scheme to share the responsibility for UASC coming into the UK across local authorities. Each local authority was given a quota per 10,000 resident population dependent on size and the dispersal scheme was set up to assist when authorities were getting close to or going above this number.
- 3.4 In Portsmouth there are currently 411 children in care, 75 of whom are unaccompanied minors. Our quota per 10,000 is 30. To date the system hasn't worked well for Portsmouth and up until December 2017 we had only dispersed 15 children.
- 3.6 In February 2018, the government announced that there would be UASC capacity building grants allocated to all local authorities in r 2017-18, in recognition of the need to safeguard the wellbeing of UASC entering the UK.

## **4. Reasons for recommendations**

- 4.1 The capacity in the social care service to meet the additional needs of UASC is stretched, as is the budget.
- 4.2 Portsmouth City Council is expecting a full inspection of Children's Services imminently. This will include a review of the support we provide to UASC.

## 5. Equality impact assessment (EIA)

- 5.1 An Equality Impact Assessment for the service has been updated to include the work with unaccompanied asylum seeking children and is attached as an appendix to the report.

## 6. Legal implications

- 6.1 The statutory duties of local authorities in relation to the support of UASC are the same as for other LAC. The local authority has no control over the numbers of children located at the Port and must provide the care and support detailed in the Care Planning Regulations 2010 and the Children Act 1989.
- 6.2 The grant funding identified is provided under Section 31 of the Local Government Act 2003 and is to be expended for the purposes described in the respective grant determinations.

## 7. Director of Finance Comments

- 7.1 The purpose of the UASC capacity building grant is to support local authorities in developing their capacity in caring for UASC and UASC Care Leavers. The grant allocation to Portsmouth amounts to £188,126. It is to be paid in 2017-18 financial year but appears to have no time or reporting restrictions on its usage
- 7.2 Additional funding, has been provided through specific bids to the Migration Fund to also support services to UASC.

Signed by: Alison Jeffery, Director of Children, Families and Education

.....  
Appendix 1 - Children's Services Equality Impact Assessment.

### 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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# Equality Impact Assessment

Preliminary assessment form v5 / 2013

[www.portsmouth.gov.uk](http://www.portsmouth.gov.uk)

The preliminary impact assessment is a quick and easy screening process. It should:

- identify those policies, projects, services, functions or strategies which require a full EIA by looking at:
  - negative, positive or no impact on any of the equality groups
  - opportunity to promote equality for the equality groups
  - data / feedback
- prioritise if and when a full EIA should be completed
- justify reasons for why a full EIA is not going to be completed

**Directorate:**

Director of Children's Services

**Function e.g. HR,  
IS, carers:**

Children's services

**Title of policy, service, function, project or strategy (new or old) :**

Consultation on changes to children's services

**Type of policy, service, function, project or strategy:**

☐

Existing

☒

New / proposed

☐

Changed

### Q1 - What is the aim of your policy, service, function, project or strategy?

Considerable work has been undertaken to consider how the "children's system" in Portsmouth can be made affordable in the long term. This is in response to earlier work to understand the likely trajectory of spending on this area, which showed a danger of continually increasing need driving rising spend, against diminishing budget. The conclusions are that there is a need to consider working with children including unaccompanied asylum seeking children (UASC) and families, under commission of the local authority, as a single system and consider the process of budget setting, including investment and disinvestment accordingly, to ensure there is long-term sustainability and improved outcomes for families.

### Q2 - Who is this policy, service, function, project or strategy going to benefit or have a detrimental effect on and how?

The vision of the work is to improve the parenting and care of children including UASC, leading to better outcomes; whilst maintaining an emphasis on longer term cost reduction through demand management. However, the assumption set out in the paper, and supported by the analysis underpinning the strategy, is that remodelling can achieve savings without detriment to the outcomes achieved for families.

### Q3 - Thinking about each group below, does, or could the policy, service, function, project or strategy have a negative impact on members of the equality groups below?

Group	Negative	Positive / no impact	Unclear
Age	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Disability	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Race	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Gender	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Transgender	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Sexual orientation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Religion or belief	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Pregnancy and maternity	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Other excluded groups	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

If the answer is "negative" or "unclear" consider doing a full EIA

**Q4 - Does, or could the policy, service, function, project or strategy help to promote equality for members of the equality groups?**

Group	Yes	No	Unclear
Age	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Disability	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Race	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Gender	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Transgender	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Sexual orientation	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Religion or belief	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Pregnancy or maternity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other excluded groups	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If the answer is "no" or "unclear" consider doing a full EIA

**Q5 - Do you have any feedback data from the equality groups that influences, affects or shapes this policy, service, function, project or strategy?**

Group	Yes	No	Unclear
Age	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Disability	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Race	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Gender	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Transgender	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Sexual orientation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Religion or belief	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Pregnancy and maternity



Other excluded groups



If the answer is "no" or "unclear" consider doing a full EIA

**Q6 - Using the assessments in questions 3, 4 and 5 should a full assessment be carried out on this policy, service, function or strategy?**



yes



No

**Q7 - How have you come to this decision?**

At the strategic level, the proposals set out do not have a negative impact on any of the protected characteristics; and indeed the proposals are geared to improve outcomes for children (including UASC) and families, particularly those experiencing disadvantage. What we do recognise is that in developing the detail of measures to support the wider strategic direction set out in the paper, wide consultation with service users and the community will be necessary; and very specifically that the consultation needs to take place with children and families, including some of the most vulnerable. Proposals for consultation are set out, and the findings will inform service design proposals which will themselves be subject to EIAs.

If you have to complete a full EIA please contact the Equalities and diversity team if you require help  
Tel: 023 9283 4789 or email: [equalities@portsmouthcc.gov.uk](mailto:equalities@portsmouthcc.gov.uk)

**Q8 - Who was involved in the EIA?**

Kelly Nash, Corporate Performance Manager, PCC

**This EIA has been approved by:** Alison Jeffery

**Contact number:**

023 9283 1201

**Date:**

8 March 2018

Please email a copy of your completed EIA to the Equality and diversity team. We will contact you with any comments or queries about your preliminary EIA.

Telephone: 023 9283 4789

Email: [equalities@portsmouthcc.gov.uk](mailto:equalities@portsmouthcc.gov.uk)