



NOTICE OF MEETING

CABINET

TUESDAY, 12 MARCH 2019 AT 1.00 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.

Membership

Councillor Gerald Vernon-Jackson CBE (Chair)	
Councillor Steve Pitt (Vice-Chair)	
Councillor Dave Ashmore	Councillor Jeanette Smith
Councillor Ben Dowling	Councillor Lynne Stagg
Councillor Suzy Horton	Councillor Matthew Winnington
Councillor Darren Sanders	Councillor Rob Wood

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

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

AGENDA

- 1 Apologies for Absence**
- 2 Declarations of Interests**
- 3 Record of Previous Decision Meeting - 26 February 2019 (Pages 7 - 16)**

A draft copy of the record of the previous decisions taken at Cabinet on 26 February 2019 are attached for approval.
- 4 Modern Slavery Statement (Pages 17 - 42)**

The purpose of the report by the Director of Human Resources, Legal & Performance is to provide context to the council's Modern Slavery

Transparency Statement and seek approval to publish the statement on the council's website (appendix 1).

RECOMMENDED that Cabinet approves

- i) The Modern Slavery Transparency Statement for publication on the council's website (see Appendix 1) and**
- ii) The programme of work set out in item 13 of the statement**
- iii) That Full Council is asked to note the recommendations for information only**

5 Play, Youth and Community Annual Plan (and links to associated Communications Plan) (Pages 43 - 52)

The purpose of the report by the Director of Housing, Neighbourhood and Building Services is to seek approval for the Play, Youth and Community Annual Plan, designed to provide a framework to the work of the Play, Youth and Community Services.

The Annual Plan provides a framework to ensure timely, cross service messages and information to children, young people and their families about relevant seasonal issues and National Campaigns.

RECOMMENDED that the Cabinet:

(1) recognise the benefit of greater co-ordination between the Play, Youth and Community Services of resources and information through implementation of the Annual Plan;

(2) acknowledge the link to the Holiday Food and Fun Programme;

(3) acknowledge the link between the Annual Plan and the Communication Strategy for Housing, Neighbourhood and Building Services.

6 Play, Youth and Community Volunteering Policy (Pages 53 - 72)

The report by the Director of Housing, Neighbourhood and Building Services seeks approval for the implementation of the updated volunteering policy for the Play, Youth and Community Services operated within Housing, Neighbourhood and Building Services (HNB).

RECOMMENDED that Cabinet:

(1) approve the attached policy;

(2) approve the implementation of the policy from the 1st April 2019.

7 Play, Youth and Community Safeguarding Policy (Pages 73 - 92)

To seek approval for the implementation of the updated Safeguarding Policy for the Play, Youth and Community Services operated by Housing, Neighbourhood and Building (HNB) Services.

RECOMMENDED that Cabinet:

- (1) approve the attached policy;**
- (2) approve the implementation of the policy from the 1st April 2019.**

8 Holiday Hunger update (Pages 93 - 110)

The report by the Director of Housing, Neighbourhood and Building Services seeks approval to continue with the Holiday Food & Fun programme. The programme has successfully provided approx. 7000 healthy snacks and meals during summer 2018. This programme addresses more than the provision of healthy foods to reduce hunger during the school holidays; and in 2019/20 we plan to do more including the focus on education around healthy lifestyles, increasing physical activity, improving mental health & wellbeing, and bringing communities together in a variety of ways.

RECOMMENDED that Cabinet:

- (1) recognise future opportunities and recommendations following the success of the previous pilot project.**
- (2) agree an allocation of £10,000 from the existing play & youth service budget to allow continuation, growth and longevity of the programme.**
- (3) seek Cabinet approval to execute the future plans as set out in the Holiday Food & Fun Programme Report 2019 (see appendix A - section 10)**

9 Traffic, Environment & Community Safety (TECS) Scrutiny Panel Review of Parking with Director's Response Report (Pages 111 - 172)

The Director of Regeneration's response report has the Traffic, Environment & Community Safety (TECS) Scrutiny Panel's report appended to it, which looked at "A review of general parking issues in Portsmouth with a view to considering alternative strategies". Councillor Simon Boshier is invited to attend as Chair of the TECS Scrutiny Panel.

RECOMMENDED that:

- (1) The Panel is thanked for its work in undertaking the review;**
- (2) The Traffic, Environment & Community Safety Scrutiny Panel's recommendations be approved in line with the responses noted in paragraph 5 of the Director of Regeneration's report.**

10 Forward Plan Omission

The Treasury Management Policy report by the Director of Finance was omitted from the Forward Plan covering March 2019 published on 7 February 2019. The Chair of the City Council's Scrutiny Management Panel has been notified and a public notice published.

RECOMMENDED that Cabinet note:

- (1) the omission to the Forward Plan for March 2019**

(2) the publication of the omission notice.

11 Treasury Management Policy 2019/20 (Pages 173 - 238)

The purpose of the report by the Director of Finance and Section 151 Officer is to obtain the Council's approval of the updated Treasury Management Policy Statement which includes the Annual Investment Strategy.

RECOMMENDED TO COUNCIL:

- (1) that the treasury management indicators contained in Appendix D be approved;
- (2) that the attached Treasury Management Policy Statement including the Treasury Management Strategy, and Annual Investment Strategy for 2019/20 be approved;
- (3) that the following changes compared to the previous Annual Investment Strategy be noted:
 - (i) That a new category of non-specified investments be added to permit investment in pooled investment vehicles including equity funds, property funds, supply chain finance funds and multi asset funds with a limit of £50m per fund
 - (ii) That the maximum limit of an investment in a subsidiary company be increased from £20m to £30m
- (4) 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 £737m approved by the City Council on 12 February 2019;
 - (iii) reschedule debt in order to even the maturity profile or to achieve revenue savings;
 - (iv) 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.
- (5) 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)

12 Annual Capital Strategy (Pages 239 - 288)

The purpose of the report by the Director of Finance and Section 151 Officer is to:

- enable the City Council to adopt a long term Capital Strategy from 2019/20 onwards
- inform members and the wider community of the Council's Capital Strategy
- ensure that Members are aware of the overall strategy, governance procedures and risk appetite
- highlight the business planning inter-relationship between the Capital

Strategy, capital programme, the Revenue budget, the Medium Term Financial Strategy and Treasury Management

RECOMMENDED to Council

(1) That Part I of the Capital Strategy (Capital Expenditure and Aspirations) be approved including:

- a) **The Short to Medium Term Capital Aspirations set out in Appendix B**
- b) **The Long Term Capital Aspirations set out in Appendix C**

(2) That Part II of the Capital Strategy (Borrowing and Investing in Property) be approved including:

- a) **The Minimum Revenue Provision (MRP) for Debt Repayment Policy (Part II, (paragraph 1.5)**
- b) **That the risk appetite statement for borrowing as set out in Part II, paragraph 1.6**
- c) **That the risk appetite statement for investing surplus cash as set out in Part II, paragraph 1.13**
- d) **The investment indicators in Part II - Appendix D (part II, paragraph 2.3)**
- e) **That the Director of Finance and Information Technology (Section 151 Officer) will bring a report to the next Cabinet and City Council if (part II, paragraph 4.1):**
 - (i) **The Council's gross General Fund (GF) debt exceeds 319% of GF net service expenditure or;**
 - (ii) **Overall investment income from investment properties and long term treasury management investments exceeds 9.5% of GF net service expenditure**

13 Access Policy at the Camber Dock (Pages 289 - 308)

The information report by the City Solicitor seems to update the Cabinet on the outcomes of consultation on a draft Access Policy at the Camber ("the Access Policy").

14 Social Enterprise Engagement (information report) (Pages 309 - 310)

The information report by Innes Richens, Chief Health & Care Portsmouth, gives an update on the work to date with Social Enterprise organisations.

15 Adult Social Care - Care Costs (information report) (Pages 311 - 316)

The information report by Innes Richens, Chief Health & Care Portsmouth, is to provide an update on funding for care costs.

16 Date of next meeting

Members of the public are permitted to use both audio visual recording devices and social media during this meeting, on the understanding that it neither disrupts the meeting nor records those stating explicitly that they do not wish to be recorded. Guidance on the use of devices at

meetings open to the public is available on the Council's website and posters on the wall of the meeting's venue.

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Agenda Item 3

CABINET

RECORD OF DECISIONS of the meeting of the Cabinet held on Tuesday, 26 February 2019 at 9.00 am at the Guildhall, Portsmouth

Present

Councillor Gerald Vernon-Jackson CBE (in the Chair)

Councillors Steve Pitt
Dave Ashmore
Ben Dowling
Suzy Horton
Darren Sanders
Jeanette Smith
Lynne Stagg
Matthew Winnington
Rob Wood

14. Apologies for Absence (AI 1)

All Cabinet Members were present but Councillors Dave Ashmore and Jeanette Smith apologised for their late arrival.

15. Declarations of Interests (AI 2)

Councillor Lynne Stagg declared that she lived in one of the proposed residents' parking zones so would leave the meeting and not take part in discussion of this item.

16. Record of Previous Decision Meeting - 5 February 2019 (AI 3)

The record of decisions of the meeting of Cabinet held on 5 February 2019 was approved as a correct record and signed by the Leader.

17. Leamington House and Horatia House Next Steps (AI 4)

Cabinet Members noted the written deputation of support for demolition and replacement homes with additional social housing on the sties, which had been submitted by Maria Cole of Somerstown's local community board People's Action Team for Community Harmony (PATCH).

James Hill, Director of Housing, Neighbourhood and Building Services, presented his report Confidential briefings had been held with stakeholders prior to the publication of the report on 18th February and officers had communicated with the local community. He reported that following this communication exercise no resident had called the helpline with concerns. The 'demolition' would be deconstruction method (without explosives). Since the start of the removal of cladding in June 2017 the safety of residents had remained the overriding priority.

James Hill updated the report paragraph 3.14 regarding the current rehousing numbers: as at 22 February 39 households remain in the two blocks, of which 25 have accepted an offer, 5 have been offered a property and 9 were awaiting an offer. He therefore anticipated that the blocks would be empty by late Spring/early Summer 2019. He thanked the housing team, Somerstown hub, Communication and Building Services and Hampshire Fire & Rescue Service for their involvement and also the residents living in the two blocks and the wider local community for their understanding and co-operation.

Deputations are not minuted in full as this meeting was webcast and can be viewed here:

<https://livestream.com/accounts/14063785/Full-Cabinet-26Feb2019>

Councillor Luke Stubbs, Deputy Leader of the Opposition, raised questions regarding the financing, subsidy arrangement and posed that the level of government grant may change the viability of the scheme, and possible use of the Northern Quarter scheme to seek offsite contributions to use here.

Councillor Donna Jones, Leader of the Opposition, thanked officers for the advance briefing and welcomed the responsible approach being taken. She queried some of the figures for remediation works and the assessment for selling the blocks, with the reliance on Right to Buy receipts for the redevelopment as there could not just be borrowing to finance it.

The Cabinet Members then asked questions and it was confirmed by James Hill that the level of risk was as detailed in the assessment reports that had been on the website since July 2018. The risk of an un piped gas explosion had been mitigated (there was no gas supply to the two blocks) but the discovered structural defect in concrete strength could not be fully treated. If the event occurred, the building would not respond as it should, with the potential for a partial collapse. Strengthening of the properties would be at a very high cost. With regard to the issue of liability Michael Lawther, City Solicitor, reported that decanting of tenants had been seen as the safest option with PCC's insurers.

Councillor Gerald Vernon-Jackson supported the action taken to remove residents and reprovide over 272 social housing units. It was confirmed that 5 gas canisters had been found in the blocks when an amnesty had been offered. The term "partial collapse" was explained and it was confirmed that a refurbishment of the existing blocks (which were 50 years old) would not be able to comply with current Building Regulations. It was also confirmed that refurbishment works would not be accounted for through the Council Tax as it was part of the Housing Revenue Account (HRA). The Finance Manager reported that with the cost of £5.6m to demolish it would be challenging to build social housing only but a government grant could be awarded to facilitate this.

Councillor Darren Sanders, Cabinet Member for Housing, stressed that whilst challenging, the safety of residents had to be put first, due to the concern of a

future partial collapse. This was the second time that residents had to move out in 20 years and was the opportunity to provide better homes.

Councillor Steve Pitt, Deputy Leader, spoke on the long-term high refurbishment costs, and favoured the provision of affordable homes. Councillor Matthew Winnington agreed that at least 272 social housing units should be reprovided and for there to be mixed communities, as supported by PATCH.

DECISIONS The Cabinet:

- (1) Noted the results of the feasibility work to strengthen, clad and install sprinklers into Leamington House and Horatia House;**
- (2) Agreed that it is financially unviable to undertake the works to strengthen, clad and install sprinklers into Leamington House and Horatia House, and as a result;**
- (3) Agreed that on completion of the permanent rehousing of all households from Leamington House and Horatia House, the two blocks will be removed from charge, decommissioned and secured;**
- (4) Gave delegated approval to the Director of Housing, Neighbourhood and Building Services authority to incur costs to carry out decommissioning works of Leamington House and Horatia House and secure both blocks;**
- (5) Agreed that there is an opportunity for the sites to be redeveloped to create affordable/social housing and regeneration in this area of the City and requests the Regeneration Directorate working with the Housing Directorate to provide a report to Cabinet with an options appraisal for the demolition of Leamington House and Horatia House and redevelopment of the sites in consultation with the local and wider Somerstown community and stakeholders;**
- (6) Noted the loss of social housing units to the Housing Revenue Account and requests that the options appraisal for the development of the Leamington House and Horatia House sites includes the re-provision of a minimum of 272 social housing units to be held in the HRA.**

18. Residents' Parking Programme of Consultation Update (AI 5)

Councillor Lynne Stagg withdrew in accordance with her earlier declaration of interest for this item.

The Cabinet Members were in support of the report by the Director of Regeneration.

DECISIONS - The Cabinet agreed that

- (1) the progress made between August 2018 - February 2019 on the Residents' Parking Programme be noted;**
- (2) the next areas for informal survey were reconfirmed, as per the approved Programme;**
- (3) the anticipated Residents Parking Zone (RPZ) Programme timescales were noted (as set out in Appendix A)**

19. Board Composition of Portsmouth City Council companies (AI 6)

At the start of the meeting the Leader had announced that this item (which had not been published) would not be coming forward at this stage as it needed more work for it to be brought in time to allow public scrutiny. He favoured a cross-party approach which was welcomed by Councillor Jones.

20. Exclusion of Press and Public (AI 7)

Mr Jerry Brown made a deputation to challenge the proposed exclusion and exemptions for the report appendices on the next three items on the agenda. He had been in the position of having to register to make a deputation for a report that had not been made publicly available and asked for the rules on these deadlines to be changed.

Michael Lawther, as City Solicitor, advised the Cabinet to pass the resolution to maintain confidentiality in the appendix documents but members could discuss the main reports in open session and not go into closed session as long as reference was not made to confidential material.

Councillor Vernon-Jackson, Leader, asked that the officers explain further why the appendices needed to be exempt for each item, and whilst the exemptions were upheld, discussion took place in open session.

DECISION:

That, under the provisions of Section 100A of the Local Government Act, 1972 as amended by the Local Government (Access to Information) Act, 1985, the press and public be excluded for the consideration of the following items on the grounds that the report(s) contain information defined as exempt in Part 1 of Schedule 12A to the Local Government Act, 1972, under exemption paragraph numbers 3 & 5:

21. Ravelin Group of Companies (appendices B&C)

22. City Centre Regeneration (Heads of terms) (appendices B&C)

23. MMD Review Update (all appendices)

21. Ravelin Group of Companies (AI 8)

With regard to the exemption of appendices B (Counsel's opinion) and C (legal advice from Bevan Brittan on Board Composition) Tom Southall, Assistant Director Property, advised that there was legally privileged information that it was not in PCC's best interest to make public, so the exemptions for these appendices were upheld. Tom Southall made clear that he is a director in one of the named companies and was representing Tristan Samuels, Director of Regeneration in presenting this report. Wayne Layton, Finance Manager, outlined the financial arrangements as set out in Appendix A of the report.

Councillor Donna Jones made a deputation, welcoming the report which had followed on from decisions taken in 2016 and supported the use of shareholder dividends and the clever use of council assets.

Councillor Judith Smyth made a deputation regarding the experience of councils elsewhere in setting up these companies for the provision of mixed housing developments and she advocated the maximising of affordable housing on the site, and welcomed the report.

Councillor Vernon-Jackson, Leader, also wished for the maximum affordable housing to be provided through this arrangement, but disagreed with some of the legal advice. Councillor Sanders, Cabinet Member for Housing, also wanted housing to be affordable here and hoped that the directorships issue could be dealt with swiftly through the group leaders. Councillor Wood also welcomed the report and the benefits of the working arrangements.

DECISIONS - The Cabinet APPROVED:

- (1) That the business case and purpose for Hold Co be approved, including delegating authority to the Director Regeneration and City Solicitor in consultation with the s.151 officer to create a new subsidiary company to support the delivery of HRA projects with development management and project management services.**
- (2) To note that the need for the creation of a fit-for-purpose Board of Directors for each of the incorporated Ravelin companies based around an understanding of the skillsets required to support the company in both a commercial and local authority environment.**
- (3) That new directors are appointed to Hold Co and Prop Co to ensure the companies can remain quorate and able to trade.**

And RECOMMENDED TO COUNCIL approval of the following recommendations:-

- (4) That authority is delegated to the Director of Finance and Section 151 Officer in consultation with the Leader of the Council, upon agreement of the business justification case's for each of the proposed development sites, to:-**
 - (i) make changes to the budgetary framework as necessary**
 - (ii) To borrow as required for Ravelin Group development purposes, subject to a robust financial appraisal approved by the Director of Finance & S151 Officer that demonstrates the delivery of the best return to Portsmouth City Council and has proper regard to the following:**
 - The relevant capital and revenue costs and income resulting from the investment over the whole life of the development.**

- **The extent to which the investment is expected to deliver a secure ongoing income stream.**
- **The level of expected return on the investment.**
- **The payback period of the capital investment.**
- **The tax status and transactional tax events associated with any land transfers or activity of the companies.**

22. City Centre Regeneration (Heads of Terms) (AI 9)

Councillor Donna Jones had earlier in the meeting given her support to officers' progress, having met with Delancey and Tristan Samuels on the best use of the land going forward on this project.

Natascha McIntyre Hall, Assistant Director Strategic Development, explained the reasons for exemptions of appendices B (Pinsent Masons legal advice) and C (Agreed Heads of Terms) was that these contained commercially sensitive information, and the exemption for these was upheld. She went on to update the changes since the previously deferred report at Cabinet on 5 February; at paragraph 3.6 there was the aspiration to exceed the minimum planning requirements on affordable housing provision, Section 5 outlined the consultation programme with public involvement in developing the design. Whilst the Heads of Terms focused on the Tricorn area, officers were looking at the wider City Centre and beneficial impact on Commercial Road.

Councillor Vernon-Jackson, Leader, acknowledged the written deputation from Delancey which had been read by the Cabinet Members, and thanked them for their useful presentation to councillors the previous day, which he hoped could be repeated to a wider audience.

Councillor Judith Smyth made a deputation and was pleased that the previous suggestions had been taken on board, especially the aspiration to exceed affordable housing targets and to engage with the public.

Councillor Dowling, as Cabinet Member for PRED, welcomed this positive step for the City Centre.

DECISIONS - The Cabinet:

- (1) Noted the work to date on the various workstreams that are being aligned to bring about the successful culturally-led regeneration of Portsmouth City Centre.**
- (2) Agreed the Heads of Terms for the proposed joint venture LLP between Portsmouth City Council and DV4 Limited.**
- (3) Delegated authority to the Director of Finance and Information Services, the Head of Legal and the Director of Regeneration to**

negotiate and enter into the joint venture LLP in line with the agreed Heads of Terms.

(4) Delegated authority to the Director of Regeneration the management of spend on project related works against the capital budgets for the City Centre Regeneration. Spend will include negotiations and agreement of contracts, to consult on design options and develop a feasibility study in conjunction with residents and stakeholders and to ensure that the joint venture is fundable and delivers economic and commercial benefits for the Council as well as the wider regeneration benefits for the city as a whole.

(5) Delegated authority to the Director of Regeneration to work with the developers, the community and other stakeholders to co-design and implement a worthwhile temporary use strategy for the City Centre, with a particular focus on the Tricorn site.

(6) Delegated authority to the Director of Regeneration to create a consultation space within the City Centre to encourage ongoing open and transparent communication with all members of the community.

(7) Noted that:

(i) The S.151 Officer, in consultation with the Leader, has delegated authority to borrow as necessary for the Joint Venture limited liability partnership which is established to deliver the City Centre re-development as approved in the report to the Council consider on 12th February 2019.

(ii) Prior to any borrowing described above, a full business case and financial appraisal is prepared that can satisfactorily demonstrate with good certainty that cost savings / additional income or value uplift of the development that will accrue directly to the Council will at least cover the cost of that borrowing on a sustained basis over the lifetime of the borrowing undertaken.

23. MMD Update Review (AI 10)

Councillor Donna Jones had earlier indicated her support for this and that she is a director of MMD. Councillor Ben Dowling declared that he is a PCC appointed director (so was able to participate in the discussion) as are Chris Ward and Mike Sellers.

The appendices to this report were passed as exempt with Mike Sellers, Port Director, explaining that much of the information was commercially sensitive and useful to competitors to the detriment of MMD and PCC, and the exemption was therefore upheld. The Leader asked that more information on the reasons for exemptions were provided by officers in future.

Councillor Vernon-Jackson, Leader, requested that a report on the finances of MMD should be brought to the attention of the Council on an annual basis,

whereas currently reports were brought to the Planning, Regeneration and Economic Development (PRED) portfolio.

Mr Jerry Brown made a deputation regarding the limited nature of reporting on MMD and advocating quarterly reports.

Chris Ward, Director of Finance and Section 151 Officer, presented the joint report which set out how MMD had been loss making in recent years but had returned a net benefit to PCC in the last 2 years.

Councillor Smyth commented that she would appreciate an annual report to be more transparent on investments and risks. Chris Ward responded to her question on parent company support to report that by 2021/22 MMD should be in a surplus position.

Mike Sellers, Port Director, reported on the detailed assessments that had taken place by consultants and the shift away from relying solely on the fruit market to ensure long-term sustainability. The joint report recommended Option 2 of the 5 options for the site to retain MMD with £15m investment, giving the best return of £70m over 20 years. The accompanying recommendations gave protection to PCC's investment with period reviews on the viability of MMD.

Councillor Ben Dowling, as Cabinet Member for PRED, commented on the comprehensive review which had been cross-portfolio, through the Port Advisory Board.

The Leader requested an additional recommendation for an annual report to Council, which the City Solicitor advised would only be for information purposes (this being an Executive function).

DECISIONS:

- 1. The Cabinet adopted Option 2 as their preferred option.**
- 2. The Cabinet agreed that a loan facility of £15m be provided to MMD (subject to decisions 3, 4 and 5 below) for the necessary Capital Investment required to deliver a return of £19.3m over the 5 year period 2019/20 to 2023/24, which was approved in principle by City Council on 12 February 2019.**
- 3. The Council loan is provided at a rate consistent with State Aid rules.**
- 4. Any draw down on the loan facility by MMD is subject to the following:**
 - a) The 20 Year Business Plan demonstrates the continuing viability of MMD and that the continued operation of MMD continues to deliver the best financial return compared with all other viable alternatives.**
 - b) The Capital Investment is necessary either for the sustainability of existing income streams or for the generation of additional income.**

c) The proposed Capital Investment itself represents the most favourable return when assessed against the balance of:

i) The financial return on a Net Present Value basis and over the whole life of the asset created versus other potential options for the same outcome.

ii) The relative risk of each alternative option.

5. Continued parent company support and the availability of the loan facility is subject to the annual review and approval of a satisfactory 3 Year Business Plan and 20 Year Future Forecast which must demonstrate to the shareholders satisfaction that:

i) The assumptions that underpin the 3 Year Business Plan are robust with a more than reasonable chance of being achievable.

ii) That the 3 Year Business Plan is prepared to illustrate the financial effect of reasonable optimistic and reasonable pessimistic scenarios in order that the Shareholder is aware of the reasonable range of risk associated with the "Base Case" Business Plan.

iii) Recognising the exposure of the company to cyclical trade factors and adverse weather, that the overall 3 to 5 Year financial results of the Company provide an overall net return to the Shareholder over the period taking into account all returns received by the Shareholder through rents, dues and all other profit elements of services provided by the Shareholder (including the Portsmouth International Port).

6. The Council keeps under review the returns that would reasonably be expected to be achieved from alternative uses of the site, undertaking a formal review at the earlier of every 3 years or failure to achieve the financial performance set out in resolution 5 above.

7. That there be an annual information report to Council setting out the financial position of MMD.

The meeting concluded at 10.45 am.

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Councillor Gerald Vernon-Jackson CBE
Leader of the Council

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Title of meeting:	Cabinet
Date of meeting:	12 th March 2019
Subject:	Modern Slavery Transparency Statement
Report by:	Director of Human Resources, Legal and Performance
Wards affected:	All
Key decision:	No
Full Council decision:	No

1. Purpose of report

The purpose of this report is to provide context to the council's Modern Slavery Transparency Statement and seek approval to publish the statement on the council's website (appendix 1)

2. Recommendations

That Cabinet approves

- i) The Modern Slavery Transparency Statement for publication on the council's website (see Appendix 1) and**
- ii) The programme of work set out in item 13 of the statement**
- iii) That Full Council is asked to note the recommendations for information only**

3. Background

3.1 The Modern Slavery Act 2015 (MSA 2015) applies to England and Wales and includes the offences of human trafficking and slavery, servitude and forced or compulsory labour. The Act consolidated and simplified existing offences and establishes a legal duty under Section 52 for specified public authorities to notify the Home Office where there is reasonable grounds to believe a person may be a victim of modern slavery.

3.2 Section 54 of the MSA 2015 requires commercial organisations carrying out business in the UK, with a turnover of at least £36 million, to prepare and publish a slavery and human trafficking statement for each and every financial year.

3.3 The Local Government Association (LGA) describes the publication of transparency statement for local authorities as voluntary. This is because the duty to publish a transparency statement relates to commercial organisations (as opposed to public sector

organisations) with an annual turnover of more than £36m. The Act is however, subject to an independent review, which is underway, and the interim report has recommended that all public sector organisations with a surplus turnover of £36m should be included in the Act.

3.4 The LGA has published helpful guidance in relation to preparing transparency statements which has been used to develop the draft statement.

3.5 Modern slavery cannot be addressed by one organisation alone. Portsmouth is an active member of the Hampshire and Isle of Wight Modern Slavery Partnership. The Modern Slavery Partnership Strategy is attached at appendix 2.

3.6 It is helpful for members to note that in relation to the trafficking of children, the council has developed a good working relationship with the Immigration Enforcement Team, UK Border Force and the Police through quarterly meetings to share intelligence and protect vulnerable children. Safeguarding procedures are implemented when required as referenced in the statement.

4. Development of response

4.1 It is recommended that a 'task and finish' group is established to take forward an improvement programme that will embed appropriate levels of awareness, response and enforcement across the relevant council directorates.

4.2 The programme of work will include:

- Developing corporate performance indicators associated with the Council's *Plan on a Page*
- Identification and referral of victims and supporting them e.g. through safeguarding children and adults with care and support needs and through housing/homelessness services
- Undertaking service delivery and ensuring that all supply chains the council procures services from are free from modern slavery, including undertaking risk assessments and audits
- Developing Human resources, training and organisational development policies
- Community safety responses and disruption activities, working alongside partner agencies such as the police

4. Reasons for recommendations

4.1 This *Modern Slavery and Human Trafficking Statement* sets out the Council's current position and future plans to understand all potential modern slavery risks related to its business and to put in place steps that are aimed at ensuring that there is no slavery or human trafficking in its own business and/or in its supply chains.

4.2 The attached statement relates to activities during the financial year April 2018 to March 2019. For the avoidance of doubt, the statement also applies to Portsmouth International Port. MMD are likely to prepare a separate statement.

5. Equality impact assessment (EIA)

A preliminary EIA has been completed and is attached.

6. Legal implications

The report confirms the basis upon which an organisation is required to prepare and publish its statement relevant to the Modern Slavery Act.

7. Director of Finance's comments

There are no financial implications arising from the recommendations. If there are any actions arising from the programme of work that require additional resource, a further report will be brought to members.

.....
Signed by:

Appendices:

- Appendix 1 Draft Modern Slavery Transparency Statement**
- Appendix 2 Modern Slavery Partnership Strategy 2017-2020**

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:

Contents:

Modern Slavery and Human Trafficking Statement

ID	
Last Review Date	February 2019
Next Review Date	January 2020
Approval	Cabinet
Policy Owner	HR, Policy and Performance
Policy Author	Lisa Wills
Advice & Guidance	Strategy Unit
Location	Policyhub
Related Documents	Hampshire and Isle of Wight Modern Slavery Partnership (http://www.modernslaverypartnership.org.uk/partnership/)
Applicability	This policy applies to all employees in the City Council, except those in schools

1. Introduction

1.1 The Council acknowledges the provisions set out in the Modern Slavery Act (2015) and this statement is made pursuant to section 54(1).

1.2 Portsmouth City Council is committed to preventing slavery and human trafficking in its corporate activities and to ensuring that the services it commissions (and where applicable, supply chains) are free from slavery and human trafficking.

1.3 This *Modern Slavery and Human Trafficking Statement* sets out the Council's current position and future plans to understand all potential modern slavery risks related to its business and to put in place steps that are aimed at ensuring that there is no slavery or human trafficking in its own business and/or in its supply chains. For the avoidance of doubt, this statement also applies to Portsmouth International Port. The statement relates to activities during the financial year April 2018 to March 2019.

1.4 A statement will be issued annually, setting out relevant information in respect of the previous financial year and published on the council's website here: (add link).

2. Context

2.1 The council's role in relation to modern slavery is broader than that of other commercial organisations required to publish a transparency statement and can be set out in four areas:

- identification and referral of victims
- supporting victims – this can be through safeguarding children and adults with care and support needs and through housing/ homelessness services
- community safety services, enforcement and disruption activities
- ensuring that procurement processes ensure that supply chains are free from modern slavery

2.2 The Council acknowledges its role in working across the city to raise awareness of the signs of modern slavery, identifying those vulnerable to it and responding with partners to incidents. This work involves a variety of council services and partners including the Port, UK Border Force, Civil Contingencies, Environmental Health and Trading Standards, Licensing, Children's Social Care and Adults Social Care. There are quarterly meetings with port colleagues and Border Force to share intelligence, and the police have a sophisticated database to combat modern day slavery, which could be used to seek prosecution.

2.3 Work to protect children and vulnerable adults who are trafficked and/or exploited is overseen by our local safeguarding boards including referral processes to the national Independent Child Trafficking Advocacy Service (<https://www.portsmouthscb.org.uk/professionals/trafficking/>) and multi-agency specialist groups (Missing Exploited and Trafficked Group - MET). See links below for further information:

Portsmouth Safeguarding Children Board
(<https://www.portsmouthscb.org.uk/professionals/trafficking/>) and
Portsmouth Safeguarding Adults Board
(<http://www.portmouthsab.uk/abuse/missing-exploited-trafficked/>)

3. Legislative framework

3.1 The Government's approach to tackling modern slavery has been shaped by a number of international laws, conventions and protocols which the UK has opted in to, ratified or is already bound by, including the: 1950 European Convention on Human Rights (ECHR) the Modern Slavery Act 2015, Children Act 1989, Care Act 2014, Immigration Act 2016

4. Organisational structure

4.1 Portsmouth City Council (PCC) is a unitary authority situated in Portsmouth within the geographical county of Hampshire. PCC provides a wide range of statutory and discretionary services, delivered both directly by the Council and through external contractors.

The Council's Structure and Services can be found here:

<https://www.portsmouth.gov.uk/ext/documents-external/cou-senior-management-structure-2018.pdf>

The Council's Constitution can be found here:

<https://www.portsmouth.gov.uk/ext/the-council/policies-and-strategies/constitution>

5. Procurement and supply chains and due diligence

5.1 PCC requires all suppliers of goods or services to have their own policy relating to working practices for modern slavery, or for evidence to be available to ensure their standards are in accordance with the City Council's expectations. We request that our suppliers ensure the same of their own supply chains. Our Supplier Selection Questionnaire includes a requirement to comply with the Modern Slavery Act 2015

5.2 Further, we would expect and request assurance that the practices of companies and organisations operating within the EU adhere to Article 4 of the European Convention on Human Rights concerning the prohibition of slavery and forced labour.

5.3 PCC is developing a risk assessment and audit framework in relation to our response to modern slavery in order to ensure the most appropriate and effective response.

6. Hampshire and Isle of Wight Modern Slavery Partnership

6.1 PCC is an active member of the Hampshire and Isle of Wight Modern Slavery Partnership (<http://www.modernslaverypartnership.org.uk/>) and supports the delivery of the overarching strategy 2017-2020. (http://www.modernslaverypartnership.org.uk/files/3715/2656/8122/MSP_Strategy.pdf)

7. Relevant organisational policies and strategies

7.1 PCC has the following policies that describe its current approach to the identification of modern slavery risks and the steps it takes to prevent slavery and human trafficking in its operations.

7.2 All policies are available to staff on policyhub and are also available by contacting the Council direct.

8. Whistleblowing policy

8.1 Though our whistleblowing policy the council encourages all its employees, councilors, contractors, their agents and/or subcontractors, consultants, suppliers and service providers to report concerns about any aspect of service provision, conduct of officers and others acting on behalf of the Council, or the supply chain. The policy is designed to make it easy to make disclosures without fear of discrimination and victimisation.

9. Employee Code of Conduct

9.1 The council's employee code of conduct makes clear to employees the actions and behaviour expected of them when representing the council. The council strives to maintain the highest standards of employee conduct and ethical behaviour when managing the supply chain.

<https://www.portsmouth.gov.uk/ext/documents-external/cou-part4c-employee-code-of-conduct.pdf>

10. Recruitment policy

10.1 The council adheres to robust continuing employment checks/standards, this includes ensuring identities and qualifications, UK address, right to work in the UK, (i.e. people bought into the country illegally will not have a National Insurance number), suitable references and payroll information.

10.2 The organisation uses only specified, reputable employment agencies to source labour and always verifies the practices of any new agency it is using before accepting workers from that agency.

11. Safeguarding policies - children and adults

11.1 As previously mentioned, the city council is fully involved in a multi-agency approach to raising awareness of modern slavery and human trafficking coordinated by local safeguarding boards. The boards currently provide city wide governance in relation to identification, referral and support of vulnerable children and adults who may be subject to exploitation.

12. Training

12.1 Modern slavery and human trafficking is included within the council's safeguarding training for children and adults. In addition to this an e-learning package is being developed and will be delivered as part of the mandatory training programme for all council employees.

13. Auditing and evidence

13.1 The Council is committed to a programme of continuous improvement and is in the process of reviewing and updating the plans, policies and procedures set out below which describe our approach to the identification of modern slavery risks and the steps to be taken to prevent human trafficking and slavery in our services and operations.

These include:

- Developing corporate performance indicators associated with the Council's *Plan on a Page*
- Identification and referral of victims and supporting them e.g. through safeguarding children and adults with care and support needs and through housing/homelessness services
- Undertaking service delivery and ensuring that all supply chains the council procures services from are free from modern slavery, including undertaking risk assessments and audits
- Developing Human resources, training and organisational development policies
- Community safety responses and disruption activities, working alongside partner agencies such as the police

Portsmouth City Council

Signature:

Gerald Vernon-Jackson, Leader

Date

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MODERN SLAVERY PARTNERSHIP STRATEGY



MSP Strategy

2017 - 2020



FOREWORD

*“You may choose to look the other way but you can never say again that you did not know.”
(William Wilberforce)*

It is my pleasure to introduce the 2018 – 2020 Modern Slavery Partnership Strategy for Hampshire, Isle of Wight, Portsmouth and Southampton. It brings together a shared vision from a broad range of partners to raise awareness, pursue perpetrators and support victims of modern slavery. Our strategy reflects the Government’s Modern Slavery Strategy and supports my priorities to keep you, your family and your community safer.

The scale of modern slavery in the UK is significant. Modern slavery crimes are being committed across the country and there has been year on year increases in the number of victims being identified. In few other crimes are women, children and men used as commodities for profit, being exploited over and over again, and enduring terrible suffering. It’s therefore essential that we all play our part in tackling this unacceptable and criminal activity.

Through the implementation of the Modern Slavery Act 2015 and the introduction of the Independent Anti-Slavery Commissioner, with Hampshire acting as a pilot for local independent child trafficking advocates, we have a framework to make a real difference through our collective responses. I am confident, given our area’s strong history of partnership working together, that through this strategy, we will ensure that across Hampshire, the Isle of Wight, Portsmouth and Southampton it is a supportive place for victims and a hostile place for perpetrators of modern slavery.

Michael Lane

Police and Crime Commissioner

Serving Hampshire, Isle of Wight, Portsmouth and Southampton





POLICE & CRIME
COMMISSIONER

Serving
Hampshire
Isle of Wight
Portsmouth
Southampton

INTRODUCTION

Modern slavery is a crime which violates human rights, denying people of their right to life, freedom and security. An estimated 40 million people globally live in slavery today . Within the UK there is believed to be 13,000 potential victims of slavery . Organised crime groups and criminals use coercion, deception, threats or violence to exploit victims into slavery and to keep them in slavery.

Modern slavery is an umbrella term which involves the exploitation of children and adults and may encompass but is not limited to:

- Criminal exploitation
- Domestic servitude
- Human organ harvesting
- Labour exploitation
- Sexual exploitation

OUR DUTY

The Modern Slavery Act 2015 (MSA 2015) applies to England and Wales, and includes the offences of human trafficking and slavery, servitude and forced or compulsory labour. The Act consolidated and simplified existing offences and establishes a legal duty for specified public authorities to notify the Home Office where there is reasonable grounds to believe a person may be a victim of modern slavery.

Modern slavery cannot be addressed by one organisation alone. As a consequence the Hampshire and Isle of Wight Modern Slavery Partnership was established in September 2015 to provide co-ordination and multi-agency solutions to tackle modern slavery.

THE CONTEXT

The strategy to tackle Modern Slavery in Hampshire and the Isle of Wight has been developed in line with the Government's Modern Slavery Strategy

- Pursue – Prosecute and disrupt individuals and groups responsible for slavery
- Prevent – Prevent people from engaging in slavery
- Protect – Strengthen safeguards against slavery by protecting vulnerable people from exploitation and increasing awareness of and resilience against this crime
- Prepare – Reduce the harm caused by slavery through improved victim identification and enhanced support

Consideration has also been given to the priorities of the Independent Anti-Slavery Commissioner as well as the key objectives of stakeholders.

THE VISION

TO MAKE HAMPSHIRE, THE ISLE OF WIGHT,
PORTSMOUTH & SOUTHAMPTON
A SUPPORTIVE PLACE FOR VICTIMS AND
A HOSTILE PLACE FOR PERPETRATORS OF
MODERN SLAVERY

THE STRATEGIC OBJECTIVES

SO1

TO RAISE AWARENESS OF MODERN SLAVERY

SO2

TO COMBAT MODERN SLAVERY BY
WORKING IN PARTNERSHIP

SO3

TO IDENTIFY AND SUPPORT VICTIMS
OF MODERN SLAVERY

SO4

TO PURSUE PERPETRATORS OF MODERN SLAVERY

SO1

TO RAISE AWARENESS OF MODERN SLAVERY

WHY?

- Frontline professionals such as Local Authorities, Health and the Department for Work and Pensions are often best-placed to identify potential victims.
- Everyday services used by everybody are being used to facilitate modern slavery without communities being able to recognising the signs.
- Aligns with the Government's Protect agenda by increasing awareness of and resilience against modern slavery.

HOW?

- Implement a partnership engagement plan incorporating a quarterly media campaign focusing on how to spot the signs of modern slavery with promotion of the Modern Slavery Helpline.
- Provide access to awareness raising materials and annual training for frontline professionals as well as delivering an annual event to mark Anti-Slavery Day.
- Utilise Hampshire's modern slavery website to ensure information and advice is available for professionals and the public.
- Encourage all private and public sector organisations within Hampshire with a turnover above £36 million to publish an annual statement describing the steps they have taken to ensure modern slavery is not present within their business or supply chains as required by the MSA 2015.

OUTCOMES?

INCREASED REPORTING OF MODERN SLAVERY FROM PROFESSIONALS AND THE PUBLIC.

INCREASED UNDERSTANDING AMONGST PROFESSIONALS OF THEIR RESPONSIBILITIES.

SO2

TO COMBAT MODERN SLAVERY BY
WORKING IN PARTNERSHIP**WHY?**

- Modern slavery is a multifaceted issue requiring a co-ordinated partnership response.
- Effective partnerships enable information sharing, resource co-ordination and strategic planning.
- Supports the Government's Prevent agenda by ensuring a co-ordinated approach to preventing people from engaging in slavery.

HOW?

- Ensure the partnership is reflective of Hampshire's diverse community establishing strong links between law enforcement agencies, Local Authorities, Health, Non-Governmental Organisations, Faith groups and the Business Sector. This must also be effective for the Isle of Wight.
- Develop a clear information reporting and sharing protocol between partners.
- Ensure modern slavery is firmly on the agenda for Community Safety Partnerships, Adults and Children Safeguarding Boards and Health & Wellbeing Partnerships.
- To work with the Business Crime Partnership to ensure modern slavery and specifically tackling transparency in supply chains is on the agenda.
- Engage with partners in the Homeless sector to progress the recommendations in the report 'Understanding and Responding to Modern Slavery within the Homeless Sector'.
- Establish links with the Merchant Navy Welfare Board and the Southern Ports Welfare Committee to ensure incidents of modern slavery at sea are identified, victims are supported and perpetrators brought to justice.
- Develop links with the Clewer Initiative to strengthen links with faith communities and learn from best practice.

OUTCOMES?

**INCREASED INFORMATION SHARING AND
RESOURCE CO-ORDINATION.**

SO3

TO IDENTIFY AND SUPPORT VICTIMS OF MODERN SLAVERY

WHY?

- Estimated number of victims in the UK is approximately five times greater than those referred to the National Referral Mechanism (NRM).
- Victims often suffer from poor physical and emotional health which will require ongoing support.
- Aligns with the Government's Prepare agenda by reducing the harm caused by slavery through improved victim identification and enhanced support.

HOW?

- Review annually the NRM and 'Duty to Notify' referrals for Hampshire to establish communities most at risk, potential training needs and best practice.
- Ensure victim support services are developed in line with the reformed NRM process and clearly identify the roles and responsibilities of partners and the partnership.
- To work with partners to effectively identify and utilise premises suitable as a Survivor Reception Centres.
- Ensure partners engage with, and support, the Home Office Independent Child Trafficking Advocate (ICTA) Service delivered by Barnardo's and understand their duty to refer any potential, or confirmed, victim of child trafficking in line with the MSA 2015.
- Exploring the viability of a pilot scheme providing proactive engagement with suspected adult victims of modern slavery.

OUTCOMES?

INCREASED IDENTIFICATION AND ENHANCED SUPPORT FOR VICTIMS.

SO4 TO PURSUE PERPETRATORS OF MODERN SLAVERY

WHY?

- The current low prosecution rate nationally means that modern slavery is a high profit and relatively low risk crime.
- Crime recording plays a key role in investigating and disrupting criminal networks.
- Aligns with the Government's Pursue agenda by increasing investigations and prosecutions of modern slavery offences.

HOW?

- Strengthen the link between the Hampshire Constabulary Pursue Group and the Modern Slavery Partnership to increase information flow and intelligence submissions from partners to improve the evidence base for the modern slavery Problem Profile and support prosecutions.
- Implement a clear crime recording process where NRM and 'Duty to Notify' referrals are made by a first responder other than the Police to ensure these are recorded by the Police as crimes in line with Home Office counting rules.
- Engage with the Modern Slavery Police Transformation Programme and the 'what works' team to build an evidence base for modern slavery investigations and share best practice.
- Proactively work with and understand other law enforcement agencies powers and remit to jointly disrupt modern slavery in partnership.
- Increase the use of Slavery and Trafficking Prevention Orders and Slavery and Trafficking Risk Orders by enforcement agencies to disrupt and prevent.

OUTCOMES?

INCREASE IN THE NUMBER OF SUCCESSFUL PROSECUTIONS FOR MODERN SLAVERY.

THE DELIVERY

This Strategy sets out the overarching vision and strategic objectives for the Hampshire and Isle of Wight Modern Slavery Partnership for 2017 – 2020.

Successful delivery of this plan is dependent upon all partners proactively supporting the agreed Vision, to make Hampshire, the Isle of Wight, Portsmouth and Southampton a supportive place for victims and a hostile place for perpetrators. Within Hampshire and the Isle of Wight there is a history of strong partnership working and this will be a critical factor for ensuring the successful implementation of the strategy.

Progress against this plan will be monitored quarterly through the Modern Slavery Partnership meeting. A formal review of partnership delivery against the strategy will be undertaken annually.

The Modern Slavery Partnership will be chaired and facilitated by the Office of the Police and Crime Commissioner (OPCC). Where funding is required to support delivery of the strategy the Modern Slavery Partnership will proactively support and seek suitable funding options.

Governance will be provided to the Modern Slavery Partnership from the Hampshire and Isle of Wight Police Local Criminal Justice Board which will be provided with an annual report outlining delivery against the strategy. The Modern Slavery Partnership Strategy and delivery structure will be reviewed again in October 2020.



Equality Impact Assessment

Preliminary assessment form 2018

www.portsmouthccg.nhs.uk

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
 - How are going to mitigate or remove any potential negative impacts
 - 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:

HR, legal and performance

Service, function:

Strategy and Partnership Support

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

Modern Slavery Transparency Statement

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?

The aim of this statement is to demonstrate the council's commitment to identifying, and eliminating modern slavery, human trafficking and forced labour in all its operations and supply chains and to set out a programme of improvement for the next 12 months.

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

The policy will benefit victims of modern slavery, human trafficking, servitude or forced labour by improving the council's response to:

- the identification and referral of victims
- supporting victims through safeguarding children and adults with care and support needs and through housing/ homelessness services
- community safety services, enforcement and disruption activities
- ensuring that procurement processes ensure that supply chains are free from modern slavery

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"/>
Sex	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Gender reassignment	<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"/>
Marriage & civil partnership	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Other excluded groups	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Note: Other excluded groups examples includes, Homeless, rough sleeper and unpaid carers. Many forms of exclusion are linked to financial disadvantage. How will this change affect people on low incomes, in financial crisis or living in areas of greater deprivation?

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

If there are any potential negative impacts on any of the protected characteristics, What have you put in place to mitigate or remove the negative impacts/barriers?

There is unlikely to be any negative impact on any of the protected characteristics.

Q4 - Does, or could the policy, service, function, project or strategy help to promote equality for members of the equality groups? e.g. A new service has been created for people with a disability to help them gain employment this would mean that this helps promote equality for the protected characteristic of disability only.

Group	Yes	No	Unclear
Age	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Disability	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Race	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Sex	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Gender reassignment	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Sexual orientation	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Religion or belief	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Pregnancy or maternity	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Marriage & civil partnership	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Other excluded groups	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

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?

Please add in the text boxes below what feedback / meetings you have attended for each specific protected characteristic

Group	Positive or negative feedback
Age	No specific data collected at this time
Disability	No specific data collected at this time

Race	No specific data collected at this time
Sex	No specific data collected at this time
Gender reassignment	No specific data collected at this time
Sexual orientation	No specific data collected at this time
Religion or belief	No specific data collected at this time
Pregnancy and maternity	No specific data collected at this time
Marriage & civil partnership	No specific data collected at this time
Other excluded groups	No specific data collected at this time

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

PCC staff-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

CCG staff-If you have to complete a full EIA please email: sehccg.equalityanddiveristy@nhs.net if you require help

Q7 - How have you come to this decision? Summarise your findings and conclusion below

At this stage a full EIA is not required but publishing this statement is a positive step, and will raise awareness of these hidden and brutal crimes. The programme of work proposed includes on-going consultation with council staff, trade unions and community groups and amendments will be made to the statement as necessary. An annual statement will be published following further discussion and in light of experience of operation of the statement in practice. The council is committed to working with community safety partners to understand more about prevalence in Portsmouth and have access to police data and local analysis that will guide the development of the work programme.

Q8 - Who was involved in the EIA?

Lisa Wills, Gina Perryman, Paddy May

This EIA has been approved by: Paddy May

Contact number: 02392 834020

Date: 28th February 2019

PCC staff-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

CCG staff-Please email a copy of your completed EIA to the Equality lead who will contact you with any comments or queries about your preliminary . Email: sehccg.equalityanddiversity@nhs.net

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Title of meeting:	Cabinet Meeting
Date of meeting:	12 March 2019
Subject:	Play Youth and Community Services Annual Plan and links to associated Communications Plan.
Report by:	Director of Housing, Neighbourhood & Building Services
Wards affected:	Paulsgrove, Nelson, Charles Dickens, and St. Thomas
Key decision:	Yes
Full Council decision:	No

1. Purpose of report

- 1.1 To seek approval for the Play, Youth and Community Annual Plan, attached as Appendix A, designed to provide a framework to the work of the Play, Youth and Community Services.
- 1.2 The Annual Plan provides a framework to ensure timely, cross service messages and information to children, young people and their families about relevant seasonal issues and National Campaigns.

2. Recommendations

- 2.1 **For the Cabinet to recognise the benefit of greater co-ordination between the Play, Youth and Community Services of resources and information though implementation of the Annual Plan.**
- 2.2 **To acknowledge the link to the Holiday Food and Fun Programme**
- 2.3 **To acknowledge the link between the Annual Plan and the Communication Strategy for Housing, Neighbourhood and Building Services**

3. Background

- 3.1 The Play, Youth and Community Services historically worked as individual services providing for and meeting the needs of those who attend their individual settings.
- 3.2 All of these services have now been working together for some years and have experienced the benefit of working together to support the children, young people and families who engage with these services.
- 3.3 The Annual Plan builds on the learning from the services and aims to share best practice across the services. Taking the skills, knowledge and experience of the

17 individual settings and their staff and building these into a targeted plan to tackle the issues experienced by the children, young people and families accessing our services.

- 3.4 The Annual Plan focuses on any number of issues including but not limited to: substance misuse, exploitation, tombstoning, firework safety, healthy relationships, cyber safety and school attendance.
- 3.5 The services are committed to making opportunities to discuss these matters either individually or within a peer group setting, ultimately aiming to empower better decision making which support the health and wellbeing of those who attend these services.
- 3.6 Housetalk is currently used to promote seasonal messages and to raise awareness of the service offers, listed below are the topics for discussion in this year's additions:
- Spring
Easter programme
 - Summer
Holiday Food and Fun programme
Adventure Play Summer Festival days
 - Autumn
Firework Safety
Trick or Treat advice and guidance
 - Christmas
Family meals and support available throughout the festive period
- 3.4 An over-arching brand is in currently in development in order to bring in the many streams (adventure play, youth, and community) into a wider offer to the city. Current patterns of behaviour show residents view only their nearest community centre, playground or youth club, by bringing these streams together via one media platform we can raise awareness of the city wide offer and raise their profile, encouraging residents to take part in groups, clubs and courses that otherwise may pass them by. Social media platforms will be used to promote the many varying events, schemes, sessions and clubs throughout the year, as well as seasonal messages, such as Veg Power a weekly focus on particular vegetables with a poster, literature, and corresponding site activities.
- 4. Reasons for recommendations**
- 4.1 To contribute towards addressing the health & wellbeing needs of local young people and families by meeting corporate priorities 1 & 4, and contributing towards the public health and social care agendas;
- 4.2 To meet the Play, Youth and Community Services priorities around delivering a high quality, sustainable and enriching programme of opportunities over the school holiday periods;

4.3 To improve development of the PYC services in order to sustain quality provision for the future.

4.4 To empower children, young people and families to make more informed and better decisions about health and wellbeing, and to address safety at key time of year.

5. Equality impact assessment

5.1 A preliminary EIA (appendix B) has been completed and sent to the PCC access and equality advisor before being signed off by senior management, with the decision to not complete a full EIA due to the ethos of the PYC services; which offers free opportunities through open access and availability to all.

5.2 The Holiday Food and Fun programme referred to within the Annual Plan, has also had a preliminary EIA completed.

6. Legal implications

6.1 Such legal comments as are relevant have been highlighted above with respect to issues of equality. Another key element that reduces implication here is ensuring that the service adequately risk assesses food provision and has appropriate insurances and policies in place to mitigate risk to the consumer/service user.

7. Director of Finance's comments

7.1 The report is for information only and as a consequence there are no direct financial implications of approving the recommendations within this report.

.....
Signed by: Director of Housing, Neighbourhood & Building Services

Appendices:

A - PYC Annual Plan

B - Preliminary Equality Impact Assessment (EIA)

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
Annual Plan	
Preliminary Equality Impact Assessment	

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

rejected by on

.....
Signed by: Leader

ANNUAL THEMED PLAN - Play, Youth & Community (PYC) Services ('hub' areas will aim to meet together monthly to discuss ideas & progress)

TIMELINE	THEMES	ACTIONS / SUGGESTIONS (Ctrl+click for email contacts)	CAMPAIGNS (Ctrl+click for links)	IDEAS (inc. best person / service to help lead on it)
JANUARY	'Jolly January'	<ul style="list-style-type: none"> ✓ Build aspirations & personal development for New Year. ✓ Promote trying something new - healthy resolutions. ✓ Focus on mental health & wellbeing (link in Carer's Centre) 	Young Carers Awareness day (31 st)	NY resolution ideas for teens: https://www.liveabout.com/top-new-years-resolutions-for-teens-3196621 Access Young Carer's day resources (when published..)
FEBRUARY	Valentine's	<ul style="list-style-type: none"> ✓ Educate around healthy relationships, friendships/respect (think b4 you speak), sexual/mental health & online safety. ✓ Link with substance misuse & sexual health champions. 	Children's Mental Health week (4 th) Safer Internet day (5 th) Chinese New Year (5 th)	Download free MH week resources (when available..) Check out resources via online link (nearer time..) Celebration ideas: https://chinesenewyear2019.org/calendar/
MARCH	International Women	<ul style="list-style-type: none"> ✓ Promote apprenticeships & recognise any current ones. ✓ Run a joint community event - inc. physical activity element, new opportunities, resident engagement & apprenticeships. 	National Apprenticeship week (4 th) International Women's day (8 th)	 student-profile_employment_ability.pdf Order IWD events pack here
APRIL	Easter holidays	<ul style="list-style-type: none"> ✓ Focus on healthy eating, religion & cultural awareness. ✓ Prepare for Tombstoning 'season' & focus on water safety. ✓ Offer fun Easter related activities/events (link with library). 	World Health day (7 th)	Arrange RNLI visit about water safety: https://rnli.org/youth-education/educational-visits/arrange-a-presentation Offer library card forms & promote swimming sessions.
MAY	Family friendly month	<ul style="list-style-type: none"> ✓ Engage families to support with exam/SATs pressures. ✓ Increase awareness around skin care in the summer sun. ✓ Think about summer opportunities for volunteer's week... 	National Children's day (12 th) Sun Awareness Week (13 th)	 ncduk2018_booklet.pdf Ideas pages here
Page 47	Transition month	<ul style="list-style-type: none"> ✓ Promote the value of volunteering in the community. ✓ Highlight healthy eating agenda for summer holidays. ✓ Jointly support those transitioning in & out of our services. 	Volunteers week (1 st) BNF Healthy Eating week (10 th) National Bike week (10 th)	 volunteers_week_certificate_2018.docx  BNF healthy eating week ambassador pack  Bike-Week-18-Event s-Pack-final.pdf
JULY	Schools out!	<ul style="list-style-type: none"> ✓ Encourage completion of the summer reading challenge. ✓ Highlight healthy eating agenda before summer holidays. ✓ Encourage cycling to school/sites & bike safety via Motiv8. 	Childhood Obesity week (1 st)	 The-Eatwell-Guide-2016.pdf https://www.nhs.uk/change4life/activities
AUGUST	Holiday food & fun	<ul style="list-style-type: none"> ✓ Link in with food worker to use donations & offer cooking. ✓ Run joint events for your locality areas to celebrate our PYC services, including a focus on increasing physical activity. 	International Play day (1 st) International Youth day (12 th)	 IYD_Toolkit_2018.pdf
SEPTEMBER	Welcome month	<ul style="list-style-type: none"> ✓ Focus on settling YP into school/club/playground. ✓ Look at respect, boundaries & buddying for any new ones. ✓ Promote sugar smart, scroll-free Sept & sexual health week. 	Sugar Smart September (1 st) Scroll-free September (1 st) Sexual health awareness week (23 rd)	  Scroll-free Sept poster.jpg  jwsi-sre-activities-english.pdf
OCTOBER	Halloween	<ul style="list-style-type: none"> ✓ Raise awareness around smoking/substance use, parties, keeping safe, risk assessing self, and other risky behaviour. ✓ Plan a fun activity/party for your site & promote via comms. 	Stoptober month (1 st)	Info for young people smoking: https://www.nhs.uk/live-well/quit-smoking/quitting-smoking-under-18s-guide/
NOVEMBER	Bonfire week	<ul style="list-style-type: none"> ✓ Celebrate/promote National Youth Work week (4th - 10th) ✓ Tap in to bullying campaign to share key messages. ✓ Address risky behaviour around alcohol misuse & fireworks. 	Anti-bullying week (12 th) Alcohol Awareness week (19 th) International Men's day (19 th)	 Adobe Acrobat Document  Adobe Acrobat Document International Men's Day here
DECEMBER	Giving & sharing	<ul style="list-style-type: none"> ✓ Offer Christmas meal provision (ask Fareshare for surplus). ✓ Offer hot soup & look in to homelessness support from YP. ✓ Educate around partying, saying no & HIV/AIDS prevention. 	World AIDS day (1 st)	Resources for YP around HIV: https://www.chiva.org.uk/resources/young-people-information/

*There is flexibility here for your approach, methods, delivery, and even timings to differ - it is about ensuring we all meet and evidence these agendas through the year with consistent messages & themes.

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Equality Impact Assessment

Preliminary assessment form 2018

www.portsmouthccg.nhs.uk

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
 - How are going to mitigate or remove any potential negative impacts
 - 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:

Housing, neighbourhood & building services

Service, function:

Play, Youth, Community

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

PYC Annual Plan - a co-ordinated and themed calendar of events and information to better provide relevant and timely knowledge to children, young people and families.

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?

To provide a structure for themed and seasonal information and activities across play, youth and HRA community centres.

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

The benefits should be to all of our customers (City residents), which represent all demographics of the City. Our services are based in high deprivation areas of the City, and consequently meet the needs of more people who experience low income and low educational attainment.

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"/>
Sex	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Gender reassignment	<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"/>
Marriage & civil partnership	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Other excluded groups	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Note: Other excluded groups examples includes, Homeless, rough sleeper and unpaid carers. Many forms of exclusion are linked to financial disadvantage. How will this change affect people on low incomes, in financial crisis or living in areas of greater deprivation?

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

If there are any potential negative impacts on any of the protected characteristics, What have you put in place to mitigate or remove the negative impacts/barriers?

There are no forecast negative implications of adopting the proposed plan.

Q4 - Does, or could the policy, service, function, project or strategy help to promote equality for members of the equality groups? e.g. A new service has been created for people with a disability to help them gain employment this would mean that this helps promote equality for the protected characteristic of disability only.

Group	Yes	No	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"/>
Sex	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Gender reassignment	<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 or maternity	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Marriage & civil partnership	<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 "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?

Please add in the text boxes below what feedback / meetings you have attended for each specific protected characteristic

Group	Positive or negative feedback
Age	No anticipated negative impact is expected by implementing a co ordinated service plan.
Disability	
Race	
Sex	

Gender reassignment	
Sexual orientation	
Religion or belief	
Pregnancy and maternity	
Marriage & civil partnership	
Other excluded groups	

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

PCC staff-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

CCG staff-If you have to complete a full EIA please email: sehccg.equalityanddiveristy@nhs.net if you require help

Q7 - How have you come to this decision? Summarise your findings and conclusion below

Play, Youth and Community services offer positive access to service and support to all residents of the city, relevant to each specific provision. The services all take a role in appropriate signposting and offer support to access services where necessary offering anti discriminatory practice by staff . We have a high use of services, and continually monitor and adapt our servies to best meet needs within each locality to ensure that the right offer is delivered locally. The Holiday Food and Fun programme (included within the Annual Plan) has had an EIA completed individually.

Q8 - Who was involved in the EIA?

Rob Neale

This EIA has been approved by: Jo Bennett

Contact number: 9268 8606

Date: 11/02/2019

PCC staff-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

CCG staff-Please email a copy of your completed EIA to the Equality lead who will contact you with any comments or queries about your preliminary . Email: sehccg.equalityanddiversity@nhs.net

Title of meeting: Cabinet meeting

Date of meeting: 12th March 2019

Subject: Volunteering Policy for Play, Youth and Community Service

Report by: Director of Housing, Neighbourhood & Building Services

Wards affected: ALL

Key decision: No

Full Council decision: No

1. Purpose of report

To seek approval for the implementation of the updated volunteering policy for the Play, Youth and Community Services operated within Housing, Neighbourhood and Building Services (HNB).

2. Recommendations

- 2.1 For the Cabinet to approve the attached policy
- 2.2 For the Cabinet approve the implementation of the policy from the 1st April 2019.

3. Background

Play, Youth and Community Services operate 17 setting for the provision of service to children and young people ranging in age from 0-25 years.

The Youth and Play Service are committed to safeguarding children. This policy reflects the necessity of this responsibility.

The Community Service provides provision to young people and adults within its community facilities. They are committed to safeguarding children, young people and vulnerable adults.

The policy brings up to date the working practices and requirements for staff reflecting the service changes which have recently taken place and ensures the service commitment to the safeguarding of our customers.

4. Reasons for recommendations

- 4.1 To formalise the working practices of the play, youth and community services that operate within HNB.
- 4.2 To ensure that all volunteers follow a recruitment process which runs alongside the safeguarding policy.
- 4.3 Provides information for all third parties working with our service

5. Equality impact assessment

A preliminary Equality Impact Assessment has been completed and no adverse equality implications were identified.

6. Legal implications

The report accurately considers the statutory implications and requirements of the Children Act 1989 along with the Children Act 2004. In addition the policy has considered the key areas of equality of access to facilities and services along with the necessary safeguarding applicable to volunteers and their recruitment and risk management.

7. Director of Finance's comments

There are no financial implications as a result of approving this policy or its implementation.

.....
Signed by: Director of Housing, Neighbourhood & Buildings

Appendices:

- A - Play, Youth and Community Services - Safeguarding Policy.
- B - Preliminary 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: **Leader of the Council**

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Volunteering Policy

April 2019

1 INTRODUCTION

Volunteering is a way that people can gain skills, enhance their knowledge and enjoy giving something back to their community or to a specific group. We believe that there are many members of the community who have skills and experience which they could impart to children and young people to develop their personal growth and understanding.

We welcome volunteers from the wider community who have a willingness to work with young people and whose aim is to challenge, support and engage with young people in order to help them achieve their potential.

Volunteering is defined as any activity that involves spending time, unpaid, doing something that aims to benefit the environment or someone (individuals or groups) other than, or in addition to close relatives. Central to this definition is the fact that volunteering must be a choice freely made by each individual. This can include formal activity undertaken through public, private and voluntary organisations as well as informal community participation. (Volunteering England definition).

2 PCC GOOD PRACTICE GUIDE

The Good Practice Guide recognises the valuable contribution of our volunteers and provides consistent standards for volunteering opportunities.

It has been produced to provide a framework for all staff working with volunteers to:

- Promote best practice across the authority.
- Provide consistent terms of engagement for volunteers across all Council Directorates.
- Ensure our work with volunteers adds value to our service delivery.
- Ensure the safety of volunteers and those they come into contact with in the course of their volunteering.
- Support volunteers in developing their skills and knowledge.

All staff working with volunteers are encouraged to follow the Good Practice Guide: <https://www.portsmouth.gov.uk/intranet/hr/hr-support-and-advice/working-with-volunteers.aspx>

2.1 KEY PRINCIPLES

Each individual service area will coordinate the recruitment of the volunteers it needs, according to corporate guidelines and best practice.

Volunteers will not be used to replace the work of paid staff.

Volunteers will be recruited to a specific role and consulted on a regular basis regarding their involvement.

3. WHO CAN BE A VOLUNTEER?

The youth service work with young people up to the age of 19 and in some cases up to the age of 25 if they have additional support needs therefore our volunteers for this service must be over the age of 21.

The play service work with children between the ages of 6 - 13 years therefore volunteers for this service must be over the age of 18.

For both services if a young person wants to lead an activity or assist with younger members in a club then we regard them as peer mentors. We provide support and training in the same way as we do volunteers but the emphasis is on providing the young person with opportunities for learning and personal growth whilst operating in a safe environment.

Ideally a volunteer would have some skills and life experience that they could bring to the placement and share with young people. A volunteer should also be someone who understands our ethos and aims and is willing to work within our Health and Safety, Equal Opportunities and Safeguarding policies and who is able to maintain appropriate boundaries with children and young people.

Any placement is subject to two satisfactory references and an enhanced DBS check being completed.

4. HOW DO WE RECRUIT?

Often people will apply for a job within the service and not be successful and we suggest they need to gain more experience and offer them the opportunity to become a volunteer.

Sometimes people approach us directly through the adventure playgrounds and youth clubs or members of staff. On other occasions, we may get a general enquiry through the PCC help desk or website.

Play, Youth and Community Services has a volunteer's application form (**See Appendix 1**) which any aspiring volunteer can fill out if they are interested in volunteering for us.

The process we follow is:

- Aspiring volunteers make contact with the service.
- They fill in the volunteering application form.
- Asked in for an interview.
- If an appropriate volunteer opportunity can be found then a DBS form filled in (if do not already have a current one that can be shown to the supervisor).
- 2 references to be requested.
- DBS certificate seen and play and youth DBS process completed.
- Volunteer agreement signed and agree a placement setting and start date.
- Probation and supervision schedule agreed.
- Relevant training to be completed.
- Placement commences.

In terms of where the placement is located, we do endeavor to place volunteers in the project of their choice or where we feel their skills would be most useful, however, any placement will be made in negotiation with each individual.

If the volunteer has users in the setting that they have personal relationships with, this needs to be referred to the head of service to ensure there is no impact on the service delivery. The head of service will review and agree the way forward ahead of the volunteer arrangements being agreed.

5. SAFEGUARDING

Local authorities have overarching responsibility for safeguarding and promoting the welfare of all children and young people in their area. They have a number of statutory functions under the 1989 and 2004 Children Acts which make this clear. This includes specific duties in relation to children in need and children suffering, or likely to suffer, significant harm, regardless of where they are found, under sections 17 and 47 of the Children Act 1989.

Safeguarding and promoting the welfare of children is defined for the purposes of this policy as:

- Protecting children from maltreatment.
- Preventing impairment of children's health or development.
- Ensuring that children grow up in circumstances consistent with the provision of safe and effective care.
- Taking action to enable all children to have the best outcomes.

Safeguarding is a term which is broader than 'child protection' and relates to the action taken to promote the welfare of children and protect them from harm. Safeguarding is everyone's responsibility.

Professionals / Volunteers working with young people are responsible for ensuring that they fulfill their role and responsibilities in a manner consistent with the statutory duties of their employer.

Having safeguards in place within an organisation not only protects and promotes the welfare of children but also it enhances the confidence of staff, volunteers, parents/carers and the general public.

Please refer to the play and youth services safeguarding policy 2018 for more information.

5. VOLUNTEER ROLE DESCRIPTIONS AND AGREEMENTS

Each volunteer will have a named work placement supervisor who will undertake an induction to the work area and their specific work place. The supervisor will be a paid member of staff and will provide ongoing support to the volunteer regarding play or youth work practice and ethos as well as any issues that arise within the placement.

All volunteers will sign a volunteer agreement (**See Appendix 2**) which sets out the

hours and responsibilities of their role, whilst being flexible to the potentially changing lifestyle of the volunteer or the changes to the settings. This is not a contract of employment but rather a written record of the offer and agreement of voluntary work, in respect of the commitment offered by the volunteer and the conditions under which the work will take place. It will also state the appropriate communication route if there are any occurring problems or the time commitments cannot be fulfilled for any reason at any point.

6. PROBATION PERIOD

The volunteer will be expected to complete core training before the placement starts. These include (but not limited to):

- Information Governance - GDPR
- Safeguarding E Learning
- Equalities & Diversity
- Health and Safety
- Fire Safety
- Anti-fraud, Bribery & Corruption.

Other training may be available and the volunteer is welcome to engage in training as part of their professional development and also to apply for any vacancies that arise within the service in line with the Portsmouth City Council recruitment process.

There will be a probation period of a minimum of 3 months (this can be extended if needed) and this will be input to the volunteer agreement.

7. SUPERVISION AND SUPPORT

The role of the supervisor is to encourage and support the volunteer in their work placement. The supervisor will be someone who can role model good youth and play work practice and is able to help the volunteer to reflect on their practice and experiences. They will be able to help the volunteer to problem solve and provide a greater understanding of youth work and help them to develop appropriate support relationships with young people. The support may be whilst in the work place, during session reviews or at a supervision meeting. The volunteer should endeavor to make use of the supervisor's knowledge and experience and seek guidance on areas or actions that they do not understand.

Review meetings will occur every 4 weeks initially with the work place supervisor. These sessions will include arranging any training, resources or requirement needed to fulfil agreed tasks, providing advice, guidance and opportunities and to feedback on how both parties feel the placement is going.

This is also scheduled time for the volunteer to be given the opportunity to discuss any highlights or issues of concerns with their supervisor.

All supervision sessions will be recorded and a copy will be provided to the volunteer for their records.

If at any point during the placement either the supervisor or the volunteer feels that the placement isn't working then the arrangement can be ended without prejudice to

either party.

8. COMMITMENT

Ideally we would like an overall commitment of 1 or 2 years from a volunteer. As a service we will invest a considerable amount in terms of time, money and resources into our volunteers and we would hope that they would be willing to reciprocate with a long-term commitment. This is particularly important from the relationship building aspect of play and youth work. If however the commitment needs to cease, this can be done by arrangement with the supervisor.

9. TRAVEL EXPENSES

Travel expenses to and from the place of volunteering will be covered by the volunteer themselves. If an offsite activity occurs travel expenses, then these to be agreed with the head of service prior to the event.

10. PCC VOLUNTEERS DATA PROTECTION AND CONFIDENTIALITY

The most basic information held about a volunteer (name, address and telephone number) must comply with the Data Protection Act and should be dealt with accordingly. Volunteers to be supplied with information to ensure they are aware of the responsibilities under both the Data Protection Act and Freedom of Information Act.

Volunteers have the same confidentiality rights and protection of any paid employee and will be treated with the same respect and professionalism as any staff member.

11. INSURANCE LIABILITY

Volunteers who are recruited by Portsmouth City Council are covered by the council's insurance policy.

12. EQUALITY AND DIVERSITY

Portsmouth City Council is firmly committed to diversity in all areas of its work. PCC believes that there is much to learn and profit from diverse cultures and perspectives and that diversity will make our services more effective in meeting the needs of all our customers. PCC are committed to development and maintaining an organisation in which differing ideas, abilities, backgrounds and experiences are able to participate and contribute.

13. EQUAL OPPORTUNITIES

Portsmouth City Council is committed as an authority to offering equality opportunities to volunteers from different backgrounds to build on establishing a diverse cohort of volunteers. PCC will strive to welcome and involve people from differing backgrounds, ages, cultures, genders and outlooks so that as an organisation we can adapt new ideas and fresh approaches.

14. HEALTH AND SAFETY

Portsmouth City Council has a duty of care to avoid exposing any volunteer to risk to their health and safety. Volunteers must be made aware of health and safety arrangements as part of their initial training. This includes their duty to take reasonable care for their own health and safety and that of others who may be affected by what they do, or neglect to do.

Appendix 1

Volunteer Registration Form

Full Name :			
Tel:		Mobile:	
Address :			
	Post Code:		
Email:			
Age (if under 18)			
I would be interested in:			
		<input type="checkbox"/> Youth work	<input type="checkbox"/> Play work
		<input type="checkbox"/> Music	<input type="checkbox"/> Community Centre Work
How many hours a week would you be able to give?		Which days would suit you best?	
		Which time of day are you available?	
Please tell us about any experience you have had with working with children or young people (please give ages or age ranges)			
Please tell us about any experience, interests or qualifications that might be useful in working with young people?			
References: please give two names of referees who can vouch for you, ideally one of these should be your current employer(references MUST NOT be from a member of your family),			
Referee 1		Referee 2	
Name:		Name:	
Address:		Address:	
Tel:		Tel:	
Email:		Email:	
Capacity known:		Capacity known:	

I confirm that all the information given above is true to the best of my knowledge

I understand that if I am taken on as a volunteer for the Housing - Play and Youth services I will have to undergo a DBS check at enhanced level.

Sign :

Date:

Print Name:

APPENDIX 2

VOLUNTEER AGREEMENT

Volunteers are an important and valued part of the Housing- Play and Youth Services. We hope you enjoy working with us and feel a full part of the team.

This agreement tells you what you can expect from us and what we expect from you for (full details please ask for a copy of the Housing- play and youth services volunteering policy, if you haven't been given one already).

Your role as a volunteer is to support the work of the Play and Youth Service teams by assisting the staff in the supporting of the Youth Clubs/Projects and adventure playgrounds, in the planning and delivery of activities to children, young people and adults using the Service.

A. the Housing Service (Youth & Play) commits:

Induction and training:

- To provide you with a thorough induction into the work of the Service the policies and procedures on the site, the staff and your role as a volunteer
- To provide you with the training necessary to carry out your role effectively
- To advise you of any accredited training opportunities and to support you in accessing them where possible

Supervision & Support:

- To explain the standards we expect for our services and to support and encourage you to achieve and maintain them
- To provide a named person who will meet with you regularly to discuss your volunteering and any successes or problems
- To do our best to help you develop your volunteering role with us

Expenses:

- To reimburse you for any pre-agreed travel or other costs incurred while volunteering with us

Health & Safety:

- To provide adequate training and feedback in support of our health & safety policy and procedures

Insurance:

- To provide adequate insurance cover for you whilst undertaking voluntary work approved and authorised by us

Equal Opportunities:

- To ensure that you are treated in accordance with our equal opportunities policy and procedures

Problems:

- To try and resolve fairly any problems or difficulties you may have while you volunteer with us

- In the event of any unresolved problem to offer the opportunity to discuss the issues with a senior member of PCC staff

B. The Volunteer

I agree:

- To help the Play and Youth Service to fulfil its aims to provide safe but challenging opportunities to all those who use the Youth/Play Service, irrespective of their age, race or gender
- To perform my volunteering role to the best of my ability
- To follow the organisations procedures and standards, including health & safety and equal opportunities, in relation to its staff, volunteers and children using the site
- To maintain the confidentiality of information on the organisation and the users of the service
- To meet the time commitments and standards agreed to and to give reasonable notice when this is not possible
- To provide references as agreed and to agree to a DBS (Criminal Records Bureau) check

This agreement is binding in honor only, is not intended to be a legally binding contract between us and may be cancelled at any time at the discretion of either party. Neither of us intends any employment relationship to be created now or at any time in the future

Agreed Rota :			
Day/s:		Time/s:	
Agreed Probation period length :			
<ul style="list-style-type: none"> • This must be in line with the Play and youth volunteers policy, if not sure please ask service manager for support 			
In accordance with Equal Opportunities and the Equality Act please answer the following question:			
<ul style="list-style-type: none"> • Bearing in mind the volunteer profile for this opportunity, are you aware of any disabilities (mental/physical limitations) that may impact on your ability to be a volunteer? 			
Sign:		Date:	
Print:			
Manager Sign :		Date	
Service manager Sign:		Date	

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Equality Impact Assessment

Preliminary assessment form 2018

www.portsmouthccg.nhs.uk

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
 - How are going to mitigate or remove any potential negative impacts
 - 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:

Housing, neighbourhood & building services

Service, function:

Business Growth

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

Play, youth and community Volunteering Policy - amended

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?

To ensure we have a robust policy within the service that ensures a transparent, robust and safe process for the recruitment of volunteers.

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

it will be benefit the service to ensure safe recruitment of volunteers. Maximise the ability to be able to have volunteers and develop peoples skills. The services are well placed to enable people to gain work experience within the play, youth and community service and will seek to maximise opportunities available therefore a robust and safe recruitment process for volunteers must be required and all settings must adhere to it when considering volunteers.

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"/>
Sex	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Gender reassignment	<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"/>
Marriage & civil partnership	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Other excluded groups	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Note:Other excluded groups examples includes,Homeless, rough sleeper and unpaid carers. Many forms of exclusion are linked to financial disadvantage. How will this change affect people on low incomes, in financial crisis or living in areas of greater deprivation?

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

If there are any potential negative impacts on any of the protected characteristics, What have you put in place to mitigate or remove the negative impacts/barriers?

Q4 - Does, or could the policy, service, function, project or strategy help to promote equality for members of the equality groups? e.g. A new service has been created for people with a disability to help them gain employment this would mean that this helps promote equality for the protected characteristic of disability only.

Group	Yes	No	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"/>
Sex	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Gender reassignment	<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 or maternity	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Marriage & civil partnership	<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 "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?

Please add in the text boxes below what feedback / meetings you have attended for each specific protected characteristic

Group	Positive or negative feedback
Age	<input type="text"/>
Disability	<input type="text"/>
Race	<input type="text"/>
Sex	<input type="text"/>

Gender reassignment	
Sexual orientation	
Religion or belief	
Pregnancy and maternity	
Marriage & civil partnership	
Other excluded groups	

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

PCC staff-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

CCG staff-If you have to complete a full EIA please email: sehccg.equalityanddiveristy@nhs.net if you require help

Q7 - How have you come to this decision? Summarise your findings and conclusion below

this is a policy for the service staff to ensure that the service follow the process for recruiting volunteers ensuring a fair and safe recruitment process is followed when recruiting volunteers. The service has safeguarding responsibility for all it's service users and therefore safe recruitment of volunteers is essential.

Q8 - Who was involved in the EIA?

Sarah Lindley - Project Officer

This EIA has been approved by: Jo Bennett

Contact number: 8606

Date: 29/01/19

PCC staff-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

CCG staff-Please email a copy of your completed EIA to the Equality lead who will contact you with any comments or queries about your preliminary . Email: sehccg.equalityanddiversity@nhs.net



Title of meeting: Cabinet Meeting

Date of meeting: 12th March 2019

Subject: Safeguarding Policy for Play, Youth and Community Service

Report by: Director of Housing, Neighbourhood & Building Services

Wards affected: Paulsgrove, Cosham, Charles Dickens, St Thomas, St Jude, Central Southsea

Key decision: No

Full Council decision: No

1. Purpose of report

To seek approval for the implementation of the updated Safeguarding Policy for the Play, Youth and Community Services operated by Housing, Neighbourhood and Building (HNB) Services.

2. Recommendations

2.1 For the Cabinet to approve the attached policy

2.2 For the Cabinet to approve the implementation of the policy from the 1st April 2019.

3. Background

Play, Youth and Community Services in HNB operate 17 setting for the provision of service to children, young people and adults.

The Play, Youth and Community Services are committed to safeguarding children and adults who use these settings. This policy reflects the necessity of this responsibility.

The policy brings up to date the working practices and requirements for staff reflecting the service changes which have recently taken place and ensures the service commitment to the safeguarding of our customers.

Play, Youth and Community Services have been supported and advised by the Portsmouth Safeguarding Children Board, in the design of our policy and practices, the delivery of training to our staff and in our self-assessment process.

4. Reasons for recommendations

- 4.1 To formalise the working practices of the Play, Youth and Community services operated by HNB.
- 4.2 To ensure that all staff and volunteers understand their role in the safeguarding of children, young people and vulnerable adults.
- 4.3 Provides information for all third parties working with our service

5. Equality impact assessment

A preliminary Equality Impact Assessment has been completed and no adverse equality implications were identified.

6. Legal implications

The report accurately considers the statutory implications and requirements of the Children Act 1989 along with the Children Act 2004. In addition the policy has considered the key areas of equality of access to facilities and services along with the necessary safeguarding applicable to volunteers and their recruitment and risk management.

7. Director of Finance's comments

There are no financial implications as a result of approving this policy or its implementation.

.....
Signed by: Director of Property & Housing

Appendices:

Play, Youth and Community Services - Safeguarding Policy.

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: **Leader of the Council**

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Safeguarding Policy

April 2019

Contents Page

1.0	Introduction
2.0	Policy Overview
3.0	Portsmouth City Council Play, Youth and Community Service Overview
4.0	Staffing and Volunteers
5.0	Designated Safeguarding Lead
6.0	Handling Safeguarding Issues
7.0	Multi-Agency Safeguarding Hub (MASH)
8.0	Portsmouth Safeguarding Childrens Board
9.0	Local Authority Designated Officer (LADO)
10.0	Handling Safeguarding Adults Concerns
11.0	E-Safety
12.0	Whistleblowing
13.0	4LSCB

1.0 Introduction

Local authorities have overarching responsibility for safeguarding and promoting the welfare of all children and young people in their area. They have a number of statutory functions under the 1989 and 2004 Children Acts which make this clear. This includes specific duties in relation to children in need and children suffering, or likely to suffer, significant harm, regardless of where they are found, under sections 17 and 47 of the Children Act 1989.

Throughout this document where the terms children and young people are used it is intended to refer to both children and vulnerable adults.

Safeguarding and promoting the welfare of children is defined for the purposes of this policy as:

- Protecting children from maltreatment.
- Preventing impairment of children's health or development.
- Ensuring that children grow up in circumstances consistent with the provision of safe and effective care.
- Taking action to enable all children to have the best outcomes.

Safeguarding is a term which is broader than 'child protection' and relates to the action taken to promote the welfare of children and protect them from harm. Safeguarding is everyone's responsibility.

Professionals working with young people are responsible for ensuring that they fulfill their role and responsibilities in a manner consistent with the statutory duties of their employer.

Having safeguards in place within an organization not only protects and promotes the welfare of children but also it enhances the confidence of staff, volunteers, parents/carers and the general public.

Whilst this policy is regarding safeguarding children staff and volunteers also have a duty to safeguard adults. Information on safeguarding adults can be found here:

<http://www.portsmouthsab.uk/>

2.0 Policy Overview

The Play, Youth and Community Service is committed to safeguarding children and adults. The key points of this are as follows:

- The welfare of the child is paramount.
- No child or group of children must be treated any less favorably than others in being able to access services which meet their particular needs.
- All children without exception have the right to protection from abuse regardless of their gender, ethnicity, culture, disability, age, sexuality or religious beliefs.
- All concerns and allegations of abuse will be taken seriously by staff and volunteers and responded to appropriately. This may require a referral to the Local Safeguarding Children's Board or the Local Designated Officer.
- Play and Youth Services has a commitment to safe recruitment, selection and vetting.
- All settings will aim to ensure that all young people meet in a safe environment with people they can trust.

This policy should be read alongside the following:

- Play Policy
- Play and Youth Services still/moving images policy
- Play and Youth Clubs Personal and Professional Boundaries Policy
- First Aid Policy
- Accident Reporting Policy
- Health and Safety Policy
- Employee's code of conduct
- Induction policy
- Probationary policy
- Internet acceptable use policy
- Information governance
- Data protection policy
- Play and Youth Site Procedures
- Partnership working for play and youth provision
- Volunteering policy.

3.0 Portsmouth City Council Play, Youth and Community Service Overview

3.1 Youth Service Statement

Portsmouth City Council Youth clubs operate across the city offering specifically but not exclusively to 11 -19 years, often extending this for SEND. The clubs and projects offer a wide range of activities ensuring that young people have fun whilst informally learning life skills which aid them whilst making informed social decisions, thus supporting their journey through to adulthood.

3.2 Youth Service Purpose

To offer all young people a safe warm environment where youth workers deliver high quality informal education to enable young people to make informed choices that will maximise their development to adulthood.

To support young people in:

- Being Healthy
- Staying Safe
- Enjoying and achieving
- Making a positive contribution
- Economic wellbeing
- Making informed decisions.

To work in collaboration with other agencies to layer the offer and widen the opportunities to young people

To work in multi-agency collaboration to strategically look at local based issues and the wider arena.

To manage the buildings and facilities for the benefit of the local community.

3.3 Youth Service Scope

The youth service manages 4 youth clubs and 2 additional projects, offering a 52 week opening. Opening hours vary slightly with local arrangements but are all open 5 nights a week with a specific Saturday offer. All clubs offer off-site activities. The clubs are open access where by it is voluntary participation, however we do work with young people on a referral from YOT or schools and offer a NEET sessions throughout the week, whilst all clubs have qualified youth workers to deliver and engage with the young people.

3.4 Play Service Statement

The Play service, recognising the value of play and the absence of play opportunities in the general environment, is committed to ensuring that children have access to rich, stimulating environments full of challenge, thereby offering them the opportunity to explore through their freely chosen play, both themselves and the world.

3.5 Play Service Purpose

To offer all children using the Play Service a rich diversity of play experiences of high quality to enable them to maximise their development to adulthood.

To use partnership working to maximise the play opportunities / offer for children

To manage the Buildings and facilities for the benefit of the local community

3.6 Play Service Scope

The Play service manages 6 Adventure Playgrounds in Portsmouth (52 week opening, 6 days a week). The Play sites are open access and have a qualified Play leader on each site. Opening hours vary slightly with local arrangements but are basically 25 hours a week (term time) 42 hour a week during school holidays. In addition to this some special opening for specialist groups or special events are possible. The prime focus is children/young people of 6-13 years.

3.7 Community Centres Statement

The community centres mission is to provide a sustainable, secure, culturally diverse and accessible space that is valued and supported by the people of the local community.

3.8 Community Centres Purpose

To promote, enable and facilitate inclusive activities, which embrace and address the education, training, employment, welfare, health, social, cultural and recreational needs of the local community.

3.9 Community Centres Scope

HNB operate 5 community centres within the city: Paulsgrove, Hillside and Wymering, Cosham, Charles Dickens and Somerstown Central. Opening hours vary slightly however all are open 6 days a week. The community centres are used by people of all ages.

4.0 Staffing and Volunteers

4.1 Recruitment of Staff

All staff and volunteers in the play and youth service are required to go through Portsmouth City Council's recruitment process.

Suitable references must be received before being in the workplace.

All staff and volunteers are required to have an up to date DBS check. This is to be renewed at least every 3 years.

Whilst waiting to receive a DBS check, a risk assessment will be carried out. All new staff must work alongside a fully vetted and trained member of staff until the DBS check is completed.

In accordance with guidance a record will be kept of the DBS number, completion date and whether or not the check is satisfactory.

If a DBS check shows a disclosure then the relevant manager is required to carry out a risk assessment. This must be signed off by the service managers. This is to be regularly monitored through supervision, induction and probation. Also the renewal date of the DBS may be amended to annually if this is risk assessed as appropriate.

All DBS checks are required to be signed off by two designated safeguarding lead managers.

The play, youth and community service recruitment process includes:

- Explicit reference to intention to seek enhanced DBS disclosure in job application pack.
- A pre-disclosure form to be filled in requesting disclosure of convictions prior to DBS check.
- A statement in the job description that makes it clear the service has a commitment to safeguarding and protecting children and vulnerable adults.
- Face to face interviews with pre-planned clear questions.
- Exploration of the candidate's attitude towards children and young people. This to include a specific question regarding safeguarding.
- Questioning how the candidate will manage personal and professional boundaries.
- A question in interview which explicitly asks candidates about criminal convictions, cautions, other legal restrictions or pending cases that might affect their suitability to work with children and young people.
- Checking applicant's identity, qualifications and references provided.
- All new staff and volunteers are required to complete a 6 month probation period.

All newly appointed staff and volunteers to have a structured induction program.

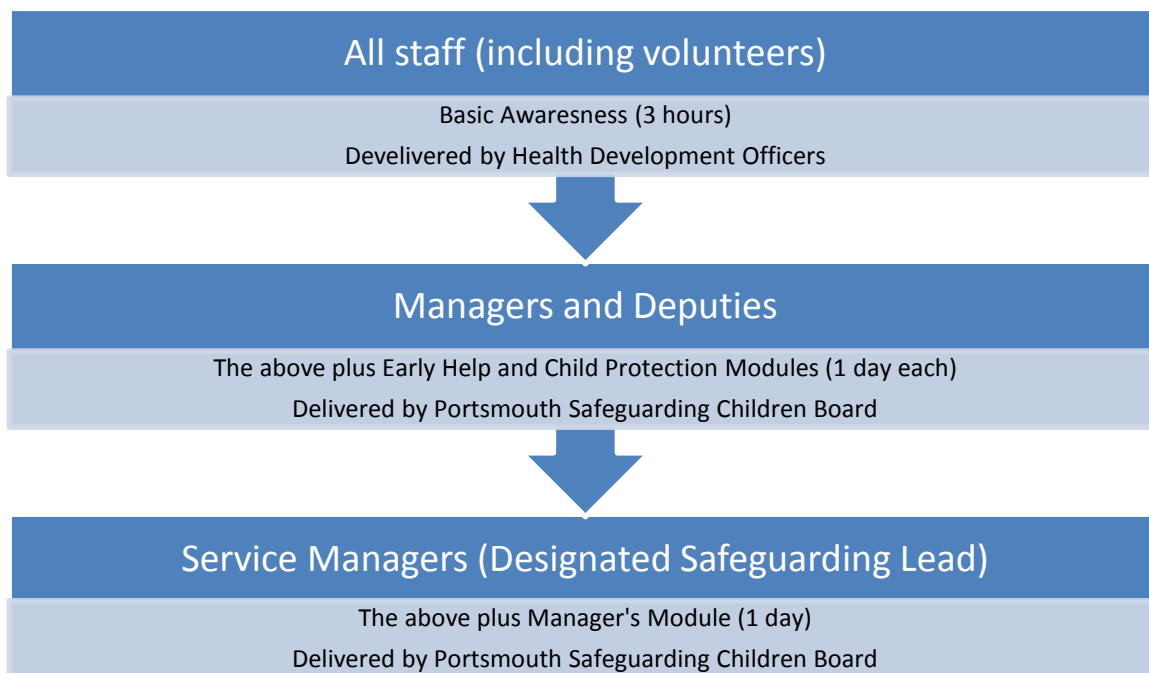
4.2 Volunteers

Volunteers are to attend taster session within the relevant service to see if they are suitable for the role. These sessions must be supervised by a fully vetted member of staff and the member of staff will be in the presence of the volunteer at all times. Following this, if the volunteering is to continue, a full DBS check must be seen by the centre manager before the volunteering commences.

Volunteers are also required to complete an induction process and to attend supervision in the same format staff do. Please refer to the play, youth and community volunteering policy.

4.3 Staff Training

Staff working within the play, youth and community service are required to carry out the following training in relation to safeguarding:



Portsmouth Safeguarding Children's Board (PSCB) sign off the service training plan. The service collaborates with PSCB to develop and deliver training often using the 'train the trainer' method.

4.4 Induction and probation

All newly appointed staff and volunteers will take part in a formal induction process.

This process will start with an induction meeting. The whole process will be recorded and the standard templates should be used to ensure compliance with the process.

All staff will take part in a period of assessment to ensure competence in their role.

4.5 Supervision

All staff are required to have regular recorded supervision sessions with their manager. These will usually be monthly however less frequent supervision may be appropriate where for example a post is only 3 hours a week. This will be agreed with the management team as necessary.

Safeguarding issues are to be discussed at every supervision session.

4.6 Hirers

All HNB community centres have hire agreements which are reviewed on an annual basis to ensure that:

- a current, signed hire agreement form is in place for each hire (including those where no charge is made)
- a valid indemnity insurance policy has been sighted and evidenced (where required)
- there is evidenced of relevant qualifications and DBS status (where required).

5.0 Designated Safeguarding Lead (DSL)

The role of the Designated Safeguarding Person was specified in the Children Act 2004 and ensured that every organisation had a “named person” for safeguarding children and young people. Prior to that, the role had frequently been known as the Child Protection Officer.

The responsibilities of the DSL are to:

- Keep their head of service and team informed of any safeguarding concerns or safeguarding referrals and any safeguarding allegations made against a member of staff. This would be done in line with the Portsmouth City Council policies and procedures and HR support throughout the process.
- Ensure if a referral is required that it is reported through the Multi Agency Safeguarding Hub (MASH) as soon as possible but must be done within 24 hours of a disclosure or suspicion of possible safeguarding issue.
- Make prompt contact with the police if a criminal offense is suspected or if there is a concern for a child or young person's immediate safety.
- Ensure they complete the 'Manager's Module in Safeguarding Children Training' at least every 3 years.
- Ensure that all members of staff, including newly appointed staff, are aware of the service policies and procedures relating to the safeguarding of children.
- Ensure that all members of staff are kept up to date on any changes to the policies and procedures related to the safeguarding of children.
- Ensure that the staff team and volunteers they are directly responsible for receiving regular safeguarding refresher training at least every 3 years.

The responsibilities of the head of service are to:

- Investigate any allegation of child abuse and/or safeguarding concern involving a member of staff or volunteer, with the support of HR and in line with policies and procedures.
- Inform the LADO of any allegation of safeguarding allegation made against a member of staff or volunteer.
- Ensure that all play and youth policies and procedures relating to safeguarding are updated in line with any revised guidelines for child protection from the LSCB.
- Ensure there are effective links with the LADO, LSCB and MASH to ensure best practice.

The management DSLs are:

Head of Business Relationships, Growth & Support

Jo Bennett

Jo.bennett@portsmouthcc.gov.uk

Play Service

Joan Fisher - Play Service Manager

Joan.fisher@portsmouthcc.gov.uk

Youth Service

Amanda Littlefield - Youth Services Manager

Amanda.littlefield@portsmouthcc.gov.uk

Community Centres

Sarah Lindley - Project Officer

Sarah.lindley@portsmouthcc.gov.uk

6.0 Handling Safeguarding Children Issues

If a member of staff has any safeguarding concerns regarding a child/family, not arising from a disclosure, then they **must** complete a safeguarding record. For example, concerns about a child's poor hygiene, a child always seeming hungry, a child displaying out of character behavior.

Once a safeguarding record has been completed, the member of staff should inform the DSL as soon as possible. Whilst individually these safeguarding records may not require any action to be taken, multiple records on the same child or family, on review, may result in a referral to MASH.

If a safeguarding concern is significant and requires immediate action the DSL will immediately refer to MASH and advise the service lead of the action taken.

Where a concern requires monitoring in order to understand if it is a safeguarding issue the following process will be used:

- Youth & play workers complete daily recorded session wash up sheets with a section for safeguarding issues; this sheet is then used to monitor any issues that arise during sessions.
- Weekly review of session wash up sheets by centre manager with their deputy
- If required, referral to MASH is made. If uncertain advice may be sought from tier 2 coordinators at MASH at any point to clarify the decision.
- If a referral is not required, then continue to monitor and evidence.
- Service lead informed of action taken allowing for a review of the decision made.

7.0 Multi-Agency Safeguarding Hub (MASH)

The MASH is multi-agency and brings together services from social care, education, health, police and children's services. The MASH aims to work together to offer the right help at an early stage to families who need support.

If you are concerned that a child has suffered harm, neglect or abuse, you must contact

MASH who can discuss this with you.

During Office Hours

0845 671 0271

pccraduty@portsmouthcc.gcsx.gov.uk

Out of Hours

0300 555 1373

If a child is at immediate risk of harm, call the police on 999. The contact should always be followed up with a written inter-agency contact form as soon as possible.

You should seek, in general, to discuss concerns with the family and, where possible seek the family's agreement to making a referral unless this may, either by delay or the behavioral response it prompts or for any other reason, place the child or staff at increased risk of significant harm.

8.0 Portsmouth Safeguarding Children's Board

Portsmouth City Council and the play, youth and community services operate in conjunction with PSCB, including accessing training modules and keeping up to date with safeguarding issues.

The Portsmouth Safeguarding Children Board (PSCB) brings together all the main organisations who work with children and families in Portsmouth, with the aim of ensuring that they work together effectively to keep children safe.

Contact information can be found at <http://www.portsmouthscb.org.uk>

9.0 Local Authority Designated Officer (LADO)

The LADO should be alerted to all cases in which it is alleged that a person who works or volunteers with children has:

- Behaved in a way that has harmed, or may harm a child.
- Possibly committed a criminal offence against children, or related to a child, behaved towards a child or children in a way that indicates s/he is unsuitable to work with children.

The LADO role applies to paid, unpaid, volunteers, casual, agency or anyone self-employed and they capture concerns, allegations or offences emanating from outside work.

10. Handling Safeguarding Adults Concerns

Any safeguarding of adults concerns immediately need to be made a record of. This could include any person who is at risk of, or experiencing, abuse or neglect and as a result is unable to protect themselves.

If a member of staff hears or suspects a vulnerable adult is being abused in anyway, it must be reported.

Adult Social Care Helpdesk: 023 9268 0810.

Portsmouth City Council has a safeguarding team and can be contacted on the number above or email PortsmouthAdultMASH@portsmouthcc.gcsx.gov.uk

Alternatively in urgent support is not required, a safeguarding concern referral form can be submitted to Portsmouth Adults MASH.

11.0E-Safety

The use of information technology is an essential part of all our lives. It is an intrinsic part of the experience of our children and young people, and it is greatly beneficial to all. However, it can present challenges in terms of how we use it responsibly and, if misused either by an adult or young person, can potentially be harmful to them.

The Play and Youth and Community Services will seek to keep children, young people and vulnerable adults safe by:

- Supporting and encouraging children, young people and adults using our service to use the opportunities offered by mobile phone technology and the internet in a way that keeps themselves safe and shows respect for others.
- Supporting and encouraging parents/carers to do what they can to keep their children safe online when using their mobile devices and consoles.
- Informing parents and carers of incidents of concerns as appropriate.
- Ensuring that the personal information of staff, volunteers and service users are not published on our website without permission.
- Providing clear and specific directions to staff and volunteers on how to behave online and the appropriate use of ICT, linking this to the responsibilities laid out in our personal and professional boundaries policy.
- Offer site blocking via My City Wifi and review blocked sites as required.

12.0 Whistleblowing Policy

Please refer to Portsmouth City Council's whistleblowing policy.

13.0 4LSCB

Portsmouth City Council is part of the 4 LSCB partnership. Policies and procedures can be found using the following link:

<http://4lscb.proceduresonline.com/portsmouth/index.html>

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Equality Impact Assessment

Preliminary assessment form 2018

www.portsmouthccg.nhs.uk

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
 - How are going to mitigate or remove any potential negative impacts
 - 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:

Housing, neighbourhood & building services

Service, function:

Business Growth

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

Play, youth and community Safeguarding Policy - amended

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?

To ensure we have a robust policy within the service that ensures the safeguarding of young people and vulnerable adults that access our services.

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

all service users including children, young people and vulnerable adults, are safeguarded at all times.

Service staff - to ensure they are suitably trained to enable them to ensure the safeguarding of children, young people and vulnerable adults. To understand a wide range of potential safeguarding issues, understand how to support the person and use the relevant services when required.

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"/>
Sex	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Gender reassignment	<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"/>
Marriage & civil partnership	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Other excluded groups	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Note: Other excluded groups examples includes, Homeless, rough sleeper and unpaid carers. Many forms of exclusion are linked to financial disadvantage. How will this change affect people on low incomes, in financial crisis or living in areas of greater deprivation?

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

If there are any potential negative impacts on any of the protected characteristics, What have you put in place to mitigate or remove the negative impacts/barriers?

Q4 - Does, or could the policy, service, function, project or strategy help to promote equality for members of the equality groups? e.g. A new service has been created for people with a disability to help them gain employment this would mean that this helps promote equality for the protected characteristic of disability only.

Group	Yes	No	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"/>
Sex	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
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Marriage & civil partnership	<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 "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?

Please add in the text boxes below what feedback / meetings you have attended for each specific protected characteristic

Group	Positive or negative feedback
Age	<input type="text"/>
Disability	<input type="text"/>
Race	<input type="text"/>
Sex	<input type="text"/>

Gender reassignment	
Sexual orientation	
Religion or belief	
Pregnancy and maternity	
Marriage & civil partnership	
Other excluded groups	

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

PCC staff-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

CCG staff-If you have to complete a full EIA please email: sehccg.equalityanddiveristy@nhs.net if you require help

Q7 - How have you come to this decision? Summarise your findings and conclusion below

this is a policy for the service staff to ensure that all the service users are safeguarded. To have the relevant training to their role to be able to notice a safeguarding concern and act upon it accordingly. The policy sets out the safeguarding steps required when dealing with a safeguarding concern. It also sets out the levels of training required in relation to their roles. This policy will be adhered to by all staff within the play, youth and community services.

Q8 - Who was involved in the EIA?

Sarah Lindley - Project Officer

This EIA has been approved by: Jo Bennett

Contact number: 8606

Date: 29/01/19

PCC staff-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

CCG staff-Please email a copy of your completed EIA to the Equality lead who will contact you with any comments or queries about your preliminary . Email: sehccg.equalityanddiversity@nhs.net



Title of meeting: Cabinet meeting

Date of meeting: 12 March 2019

Subject: Holiday Food & Fun programme (formerly known as Summer Food & Fun)

Report by: Director of Housing, Neighbourhood & Building Services

Wards affected: Paulsgrove, Nelson, Charles Dickens, and St. Thomas

Key decision: Yes

Full Council decision: No

1. Purpose of report

To seek approval to continue with the Holiday Food & Fun programme. The programme has successfully provided approx. 7000 healthy snacks and meals during summer 2018. This programme addresses more than the provision of healthy foods to reduce hunger during the school holidays; and in 2019/20 we plan to do more including the focus on education around healthy lifestyles, increasing physical activity, improving mental health & wellbeing, and bringing communities together in a variety of ways.

2. Recommendations

- 2.1 **For the Cabinet to recognise future opportunities and recommendations following the success of the previous pilot project.**
- 2.2 **To agree an allocation of £10,000 from the existing play & youth service budget to allow continuation, growth and longevity of the programme.**
- 2.3 **To seek Cabinet approval to execute the future plans as set out in the Holiday Food & Fun Programme Report 2019 (see appendix A - section 10)**

3. Background

Following on from the initial pilot project of 2017/18, we have continued to be able to meet the health & wellbeing needs within our Play, Youth & Community (PYC) services by facilitating the delivery of breakfast and lunch sessions during the school holidays. In addition to this we have achieved the following:

- *Reduced pressure on family budgets* by delivering meals/recipes that can be achieved on a budget, whilst ensuring the sites are equipped with sufficient food produce to enable this delivery.
- *Delivered healthy eating messages* through the food worker role, which is responsible for upskilling staff in cooking and supporting the annual themed plan around healthy eating campaigns/topics.

- *Linked with the physical activity agenda* by joining the *Ping! Pompey* initiative, which involved hosting ping pong tables at a couple of pilot sites to encourage this form of play for the children and young people.
- *Reduced social isolation* by encouraging engagement with PYC services, particularly in the form of volunteering and participation in the cooking sessions.
- *Improved mental health & wellbeing* by promoting healthy lifestyles, offering opportunities to learn new skills, and training staff to support children and adults with mental health issues by having healthy conversations.
- *Increased cultural awareness* by offering cultural cooking sessions that promote community cohesion and bring different communities together through food.
- *Developed skills and employability* by offering volunteering opportunities or work experience placements, linking people with the resident development service when needed, and facilitating small projects for young people through partnering with YOT.

The activity to date will be developed along with the following actions for growth:

- *Fresh produce* - developing gardening projects across the sites, offering veg boxes to families, and planting fruit trees in the areas to increase fruit & veg consumption.
- *Breakfast/lunch clubs* - develop this offer to incorporate informal education support and relevant resources for young people who are transitioning to secondary school.
- *Cookery* - utilise these sessions to identify parents and volunteers who could further benefit from additional budgeting, employability, and/or mental health support.
- *Facilities* - provide necessary equipment to accommodate this level of programme delivery.

4. Reasons for recommendations

- 4.1 To contribute towards addressing the health & wellbeing needs of local young people and families by meeting corporate priorities 1 & 4, and contributing towards the public health and social care agendas;
- 4.2 To meet the Play and Youth Services priorities around delivering a high quality, sustainable and enriching programme of opportunities over the school holiday periods;
- 4.3 To improve development of the PYC services in order to sustain quality provision for the future.

5. Equality impact assessment

A preliminary EIA (appendix B) has been completed and sent to the PCC access and equality advisor before being signed off by senior management, with the decision to not complete a full EIA due to the ethos of the PYC services; which offers free opportunities through open access and availability to all. We are also only having positive or no impact on protected characteristic groups, whilst actively promoting several of these, including age, sex, race, and disability.

6. Legal implications

Such legal comments as are relevant have been highlighted above with respect to issues of equality. Another key element that reduces implication here is ensuring that the service adequately risk assesses food provision and has appropriate insurances and policies in place to mitigate risk to the consumer/service user.

7. Director of Finance's comments

7.1 The cost to the Council as a result of this recommendation is estimated to be £10,000 for 2019/20 and will be funded by Public Health grant which will be added to the Play and Youth Service cash limit.

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Signed by: Director of Housing, Neighbourhood & Building Services

Appendices:

- A - Holiday Food & Fun Programme Report 2019
- B - Preliminary Equality Impact Assessment (EIA)

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
Holiday Food & Fun Programme Report 2019	Holiday Food & Fun Report 2019.docx
Preliminary Equality Impact Assessment	Preliminary Equality Impact Assessment

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

.....
Signed by: Leader

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Holiday Food & Fun Report

March 2019

Contents Page

- Introduction
- 1. Reducing hunger
- 2. Reducing pressure on family budgets
- 3. Education
- 4. Healthy eating links with physical activity
- 5. Combatting social isolation
- 6. Mental health & wellbeing
- 7. Cultural cooking sessions
- 8. Building skills and employability
- 9. Upgrading kitchen equipment
- 10. Recommendations

Holiday Food & Fun Programme Report 2019

The Summer Food & Fun project pilot was launched in the summer break of 2017 to build on current provision within the play, youth & community services in Portsmouth, and to meet the following objectives:

- To improve family nutrition and wellbeing
- To reduce financial and emotional strain
- To reduce social isolation and raise aspiration

The outcome of this pilot was reported to the Cabinet on 13 March 2017, which received positive feedback with an agreed allocation of £4000 from the play & youth service budget to allow continuation of the project and longevity of a developed programme. (Appendix A)

This report will outline the natural developments of the pilot project according to the needs of the families accessing the service, whilst outlining our plans for the wider programme, which will focus on more than just the summer holidays. It is also important to highlight that the programme also meets some of the objectives set out in several strategic documents that contribute towards our local public health and social care agendas:

- Give every child the best start in life (Fair Society, Healthy Lives policy, *Marmot Review 2010*)
- Childhood obesity is everyone's business (*House of Commons, Health Committee 2018*)
- Healthy lives strategy for people in the UK (*Health Foundation, 2017*)
- Keeping our children safe, healthy and positive about their futures (*Portsmouth City Council priorities, 2018*)

Initiatives which have taken place with the allocated budget set for 2018 are described below, followed by recommendations for moving forward with the programme in to 2019.

Summer 2018 activity

During the school holidays, we ran our Summer Food & Fun programme for the second year, which ensures that throughout the 6 week holiday each of our 10 locations has access to a range of foods to offer those who may be hungry, whilst spending time on site playing and interacting with other children, young people and families. This year, we recorded approximately 7000 healthy snacks or meals that were provided to those accessing our Play, Youth & Community (PYC) services, which highlights the potential reach and impact we can have in the city. Last year this figure was around 4500.

Feedback from children and parents has been positive, whereby families have appreciated this extra food provision over the holidays. We evaluated our programme after the initial pilot in summer 2017 whereby parents acknowledged the food provision as essential support to families who may be going without, and potentially skipping breakfast. A quote from one parent states: "*Yes my kids have tried fruits that I probably wouldn't buy. Like kiwi and grapefruits.*"

The Summer Food & Fun programme has gone from strength to strength with our teams working hard to support local children and families to make more informed health-related choices. With a robust training model in place and an annual themed plan, the service has grown to provide a safe and healthy environment for the future generations.

[Type text]

1. Reducing hunger

Children accessing the adventure playgrounds enjoy the provision and tend to stay on site for long hours, particularly during the holidays. By providing healthy snacks and meals, the service contributes towards uninterrupted play by creating a 'home away from home'. By providing a holistic service, children are able to play all day, eat well and enjoy physical activity in a safe space and at times with their parents/carers.

Initially the approach was to focus on tackling 'holiday hunger'; however, after working with Northumbria University who has carried out extensive research on this topic, it was highlighted that it is not about children staying hungry during the holidays, but that they often have access to more unhealthy foods which in turn affects their health and wellbeing. As a result, our approach has then been to focus on the additional themes outlined below, which have been developed over the year to empower children and families to be more physically active, adopt healthy attitudes towards eating and make more informed food choices.

2. Reducing pressure on family budgets

2.1 Through the cookery programme, families are encouraged to join in and also take home cooked food to sample. We also encourage our sites to cook family meals on a budget - dishes that can be created with minimal fuss that are still healthy and purse-friendly.

2.2 We recognise that it can be a challenge for parents with children receiving free school meals to provide additional meals during the holidays that they normally would not budget for. Our food provision can alleviate these challenges and help families deal with the pressures of spending more on food during these times.

2.3 Our food worker has been creating an itinerary of kitchen food cupboard contents on each of our sites. The aim is to provide each site with a healthier version of what they have in their cupboards/fridges for them to try. The aim is also to produce veg boxes for each site to cook with children and families and then to have these on offer in the local community centres for families to purchase for a small cost (see recommendations).

3 Education

Our food worker has been focusing on delivering healthy eating messages with a multi-faceted approach:

3.1 Working closely with the sites in upskilling staff to improve cookery skills for sustainability as well as building confidence to independently deliver cookery sessions that include healthy messages. This also includes continuing to provide Level 2 Food Safety training where needed.

3.2 Level 2 Food Hygiene training is continuously provided to new staff joining the service to ensure all have the relevant knowledge in food prep.

3.3 Delivering cookery sessions with children to build on cookery skills as well as healthy eating education by encouraging them to try a wider range of foods that they may otherwise not eat at home.

[Type text]

- 3.4 Working with parents focusing on using key nutrients for specific dietary needs and relevant health conditions, such as diabetes.
- 3.5 Families can be said to be in poverty when they lack resources to obtain the type of diet and participate in activities which are required to support a healthy lifestyle. Our annual themed plan strengthens our approach to support learning for both children and adults where useful information is shared widely to promote and enhance knowledge around options available to families in the city.
- 3.6 The annual themed plan takes into account transition for year 6 children for their move to secondary schools through receiving support via the playgrounds and youth clubs in a joint effort to ensure that children and young people are adequately supported.

4 Healthy eating links with physical activity

In order to create healthy places where children can thrive, one of the main considerations has been to ensure that we create a positive environment that promotes healthy weight in children:

- 4.1 The playgrounds are a haven where children have the opportunity to be more physically active including gardening and outdoor/indoor play. Through the delivery of cookery sessions and food the service can be more holistic where children can benefit from both a healthy meal and physical activity in one safe place.
- 4.2 Our partners, including Food Portsmouth, continue to donate surplus fresh food to our sites (fruit, vegetables and cupboard staples) which enables the service to cook with children on a regular basis.
- 4.3 Since June 2018, we have subscribed to Fareshare Southern Central, where a small monthly fee is paid in return for a variety of healthy ingredients for all of our sites. We will be looking to continue with this service for the next financial year.
- 4.4 The Wellbeing Service currently deliver 2 weight management groups for our local residents from within 2 of our community centres - one in the north and one in the south. We will be looking to expand this offer and increase the level of participation in this provision through further promotion and incentives.
- 4.5 We joined the Ping! Pompey initiative as part of a national festival supported by Table Tennis England. This involved hosting ping pong tables at 2 of our playgrounds where children and young people could play for free. The festival was so popular that the tables now have been 'adopted' by our sites for continued play.
- 4.6 We are also in the process of applying for funding to start up a swimming satellite club with local partners, in order to provide young people with the opportunity to learn/improve swimming. This will also help to form part of our work in addressing the tombstoning issue experienced locally.

5 Combatting social isolation

The playgrounds provide valuable social interaction for children and families, who might otherwise be lonely and isolated during the holidays. Parents/carers also have the

opportunity to volunteer, which helps them feel more involved in their communities and in turn supports building bridges between communities. Cookery sessions also bring families and staff together on common ground to enjoy an activity and encourage open communication to discuss arising topics/concerns.

6 Mental health & wellbeing

Many of the initiatives that form part of this programme contribute towards better mental health and wellbeing of our service users, including eating healthily, taking part in physical activity, and learning new skills.

We have also trained many of the PYC services staff in Mental Health First Aid (MHFA), which is a 2-day course that is internationally recognised in training workforces to feel confident and competent in supporting both young people and adults with mental health issues. Working holistically as a service and adopting a social determinants approach means we support our workforce from a health development perspective. This involves encouraging people to adopt healthier lifestyles wherever possible as a way of maintaining good mental health, which also addresses the link between food and mood. We further support our services to do this by also offering Making Every Contact Count (MECC) training, which upskills staff in having healthy conversations before enabling them to signpost to local support services when needed.

7 Cultural cooking sessions

To combat racism and promote community cohesion the programme identified ways to bring communities together through food. These sessions are aimed at encouraging children and young people to cook new dishes, try new flavours and enhance understanding around culture and community. By offering this provision we are able to support our younger generations and their families to be more culturally aware and increase a sense of belonging within our local communities. A number of cultural cooking sessions have already been delivered to date which will also be built upon by offering reciprocal cookery sessions on site that theme around traditional British dishes.

Another idea we would like to develop includes the delivery of a number of cookery sessions from around the world for parents and children to join in with as part of the play passport project. This could form part of the play festival programme and there is potential to continue with Cookery Champion training for parents to enable sustainability.

8 Building skills and employability

8.1 With volunteering for parents and carers on site, opportunities are provided for enhancing knowledge and opening up opportunities for those who are looking to step into employment or try something new.

8.2 We have also been working with the local colleges and the university to offer work experience for students who are looking to work in play, youth or community services.

8.3 Our sites also promote the Resident Development Service which helps people with employment/training opportunities. This is effective as our teams have great relationships with parents/carers and thus are able to signpost families/individuals to relevant services directly.

8.4 The Youth Offending Team continues to work on our sites delivering small projects such as wood workshops etc. as a way to build on existing talent and increase aspirations.

9 Upgrading kitchen equipment

Our food worker works closely with all the sites to ensure that kitchens are well prepped and equipped to meet Environmental Health standards. With the allocated budget from last year, all kitchens have now been provided with all the relevant cooking equipment to enable staff to prepare a variety of snacks and meals.

10 Recommendations:

The following recommendations briefly highlight the plans to continue developing the wider Holiday Food & Fun programme to allow continuation, growth and longevity of provision:

- i. Partners - to continue working with Fareshare Southern Central, Warburtons and Food Portsmouth to supplement the food offer, whilst additionally working with the Wellbeing Service.
- ii. Fresh produce - to develop gardening projects to encourage growing, cooking and eating healthy foods, including a veg box initiative as part of our cookery programme.
- iii. Homework/breakfast clubs - to support transition into secondary school by providing informal education through a range of community activities.
- iv. Cookery - utilise the current offer to open up opportunities to identify other needs such as budgeting, employability and mental health.
- v. Facilities - to upgrade and develop our facilities to accommodate the above delivery, including kitchen equipment and resources where needed.

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Equality Impact Assessment

Preliminary assessment form 2018

www.portsmouthccg.nhs.uk

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
 - How are going to mitigate or remove any potential negative impacts
 - 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:

Housing, neighbourhood & building services

Service, function:

Health Development

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

Holiday Food & Fun Programme Report 2019

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?

To improve family nutrition & wellbeing, reduce financial & emotional strain, and reduce social isolation whilst raising aspirations of our local children and their families.

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

During the 2018 school holidays, we ran our Holiday Food & Fun programme for the second year, which ensures that throughout the 6 week holiday each of our 10 locations has access to a range of foods to offer those who may be hungry, whilst spending time on site playing and interacting with other children, young people and families. This year, we recorded approximately 7000 healthy snacks or meals that were provided to those accessing our youth & play service, which highlights the potential reach and impact we can have in the city.

Feedback from children and parents to date has been positive, whereby families have appreciated this extra food and activity provision over the holidays. We evaluated our programme after the initial pilot in summer 2017 whereby parents acknowledged the food provision as essential support to families who may be going without, and potentially skipping breakfast. A quote from one parent states: "Yes my kids have tried fruits that I probably wouldn't buy. Like kiwi and grapefruits."

This programme of work then impacts positively upon the children and families accessing the Play & youth service, approximately 15,000 visits were recorded for the summer of 2018. The areas in which our services are based (Somerstown, Portsea, Landport, Buckland, Stamshaw & Paulsgrove) are also some of the more deprived areas of the City, which accommodate many of the 20% of children from low income families in Portsmouth (PHE health profile 2018). According to the 2018 Health & Wellbeing strategy, 16% of non-white British people live in Portsmouth, therefore these diverse areas consist of many of these BAMER families, and also those living with learning difficulties and/or disabilities, who will then benefit from this provision on offer from the play & youth sites.

The programme delivery also involves building skills within the local community around cookery, healthy eating/lifestyles, physical activity, planting/growing, cultural awareness, mental wellbeing, and reducing social isolation (see appendix A report for more detail); therefore addressing obesity issues, of which we know 21.6% of year 6 children are obese (PHE health profile 2018), and improving health & wellbeing outcomes for local families, which contributes towards both the public health & children's social care agendas.

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"/>
Sex	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Gender reassignment	<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"/>
Marriage & civil partnership	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Other excluded groups	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Note:Other excluded groups examples includes,Homeless, rough sleeper and unpaid carers. Many forms of exclusion are linked to financial disadvantage. How will this change affect people on low incomes, in financial crisis or living in areas of greater deprivation?

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

If there are any potential negative impacts on any of the protected characteristics, What have you put in place to mitigate or remove the negative impacts/barriers?

Q4 - Does, or could the policy, service, function, project or strategy help to promote equality for members of the equality groups? e.g. A new service has been created for people with a disability to help them gain employment this would mean that this helps promote equality for the protected characteristic of disability only.

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"/>
Sex	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Gender reassignment	<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 or maternity	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Marriage & civil partnership	<input type="checkbox"/>	<input checked="" 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?

Please add in the text boxes below what feedback / meetings you have attended for each specific protected characteristic

Group	Positive or negative feedback
Age	The Youth & Play Service is open to children from 5 - 19 (up to 25 years with a disability), including parents/carers. General feedback from service users have reported how accessible and welcoming the sites are to all ages.
Disability	The Youth Service runs a project for young people with disabilities to ensure they receive the same opportunities and support required to thrive and live a healthy lifestyle. General feedback from a cookery session involving young people from the project was positive. The young people felt proud to take part in a session where they were treated with respect and confidence.
Race	Cultural cooking sessions have enabled children and young people to have the confidence and ask about other cultures and practices. This delivery has opened up dialogue around acceptance of other cultures and traditions as well as bridged relationships by encouraging better understanding.
Sex	The programme focusses encouraging young women and young men to broaden their personal expectations beyond the restraints of their gender stereotypes. The cultural cookery sessions were delivered to youth and play groups as well as a on a girl's only night to enable young women to participate in an environment where they feel comfortable, which was well received by the young women who expressed an interest in further cooking sessions.
Gender reassignment	
Sexual orientation	
Religion or belief	
Pregnancy and maternity	
Marriage & civil partnership	
Other excluded groups	The programme seeks to support children and families living in more deprived areas of the city who are more likely to experience financial difficulties. This is provided through the availability of healthy snacks and meals on our sites. Families are also encouraged to join in with cookery activities and take home food to try, which has been well received to date.

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

PCC staff-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

CCG staff-If you have to complete a full EIA please email: sehccg.equalityanddiveristy@nhs.net if you require help

Q7 - How have you come to this decision? Summarise your findings and conclusion below

Considering Q3, the programme has either a positive or no impact to all the groups listed with no negative implications as a result of this provision. Taking in to account Q4, we are actively promoting several of the protected characteristic groups, and although several of the groups are not actively promoted due to the nature and aims of the service, there are again no negative impacts upon them. In addition, our play, youth & community services are all open access and therefore do not exclude any particular community groups.

We will continue to gather ongoing feedback from service users (young people and families) that will help shape any future developments of the programme/service; and have received positive feedback from the Children's Social Care director to date regarding the success of the programme, along with positive recognition from Public Health.

We therefore do not feel the need to gather further information as this programme has been developed since the 2017 pilot and is ongoing with the continued support of key partners.

Q8 - Who was involved in the EIA?

Holly Easlick & Marshada Chowdhury

This EIA has been approved by: Jo Bennett

Contact number: 02392 688606

Date: 14/01/19

PCC staff-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

CCG staff-Please email a copy of your completed EIA to the Equality lead who will contact you with any comments or queries about your preliminary . Email: sehccg.equalityanddiversity@nhs.net

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Title of meeting:	Cabinet
Date of meeting:	12 th March 2019
Subject:	Response to the Traffic, Environment & Community Safety Scrutiny Panel's report "A review of general parking issues in Portsmouth with a view to considering alternative strategies"
Report by:	Tristan Samuels, Director of Regeneration
Wards affected:	All
Key decision:	No
Full Council decision:	No

1. Summary

- 1.1 The Traffic, Environment & Community Safety Scrutiny Panel conducted a review into general parking issues in Portsmouth, engaging with local residents, businesses and other stakeholders, to identify key areas for concern, consider existing parking arrangements and practices, measures undertaken by other local authorities, and to explore alternative strategies.

2. Purpose of report

- 2.1 The purpose of the report is to respond to the Traffic, Environment & Community Safety Scrutiny Panel - "A review of general parking issues in Portsmouth with a view to considering alternative strategies".

3. Recommendations

It is recommended that:

3.1 The Panel is thanked for its work in undertaking the review;

3.2 The Traffic, Environment & Community Safety Scrutiny Panel's recommendations be approved in line with the responses noted in paragraph 5 below.

4. Background

- 4.1 At its meeting on 28 September 2016 the Traffic, Environment & Community Safety Scrutiny Panel agreed the scope of the review:

- To understand and evaluate the current parking situation in the city which would include:
 - The legislative background.
 - The management of supply and demand for parking, both on and off street.
 - Parking permits.
 - Parking of commercial vehicles in residential streets.
- To investigate how effectively other local authorities deal with parking issues.
- To identify and evaluate possible long-term solutions.

5. Response to the Panel's recommendations

5.1 Recommendation 1

This report is be used to inform policy formation, such as the redevelopment of the Local Transport Plan, Parking Supplementary Planning Document and Portsmouth Local Plan.

5.2 Response

Accepted. This report will be used to make suggestions on policy formation, such as the redevelopment of the Local Transport Plan, Parking Supplementary Planning Document and Portsmouth Local Plan. Policy formation has to be based and underpinned by evidence and accord with national legislation and the NPPF.

5.3 Recommendation 2

The council does more to promote sustainable transport.

5.4 Response

Accepted. Examples of the current measures undertaken by the Council, including some set up since the Scrutiny Panel's parking review began in 2016:

- The Marketing & Communications team promotes sustainable transport events through *Flagship* and social media, the Safer Travel team promotes campaigns in schools, the Transport Planning team encourages the use of public transport, making improvements to infrastructure in conjunction with the Network Management team and works with local partnerships to promote public transport. These include:
 - Glow Ride
 - Close Pass (educating motorists to leave space when passing cyclists - working with the police)
 - Be Bright
 - Pompey Monsters (promoted within schools)
 - Park and Stride (promoted within schools)
 - My Journey
 - Bike Doctor / Bike security marking
 - Adult cycling skills (to build confidence when using public roads)
 - Cyclescheme for PCC staff
 - Park & Ride, including the recent addition of a University route
 - Offers on season tickets and smartcards

- Extended bus lanes with camera enforcement; to improve journey times
 - Quieter Routes (promotes the city's cycle network)
 - National Cycle Network (shows Portsmouth's link to the national network)
 - Raised kerbs at bus stops to improve access onto buses
 - New buses with Wi-Fi included
- A bid is currently being developed to deliver a transit network within the Portsmouth travel to work area, along with our neighbouring highway authorities, planning authorities and bus operators. The network will to deliver a transformational mass transit network, delivering a highly visible step change in connectivity, reliability and the attractiveness of public transport, creating sustainable communities, spreading prosperity and improving GVA productivity.
 - The Transport service continues to bid internally and externally to deliver further sustainable transport improvements across the city. Funding that becomes available from Central Government/Department for Transport, will continue to be sought each year to fund Capital schemes in relation to promoting sustainable transport, such as:
 - Transforming Cities Fund
 - Local Transport Plan implementation plan
 - Air Quality Grant Programme Funding
 - Central Corridor Improvements Scheme
 - Development of Air Quality Local Plan

These plans and funds enable schemes such as:

- Central Corridor Improvements Scheme (Fratton Bridge - Hilsea roundabout) upgrades cycles paths, junctions and public transport along the route
 - Real Time Information screens at bus stops
 - Traveline
 - Redevelopment of The Hard Interchange
 - Modal shift projects (e.g. low level cycle signals)
 - Many of the events and campaigns listed at the first point above
- There are a number of measures that are being sought through development and regeneration within the city including:
 - Travel plans
 - Car clubs
 - No or low car developments in RPZs
 - Focus of development close to public transport hubs

5.5 Recommendation 3

The current piecemeal approach to RPZs be reconsidered with a view to introducing a city-wide strategy or alternatively remove all parking zones.

5.6 Response

The current RPZ programme was approved in July 2018, with schemes implemented in response to the demand for RPZs, where they are approved following consultation. This is accompanied by a rolling programme of informal surveys; the first step in consulting on the RPZ programme. In this way the needs of residents are assessed

area by area. Most councils use a similar process for implementing residents parking schemes.

21% of the city's residential roads currently fall within an RPZ.

Of the 16 areas surveyed under the 2008-2012 Residents' Parking Programmes, only 50% were implemented as residents rejected 50% of proposed RPZs.

5.7 Recommendation 4

Arrange meetings with businesses that have large fleets to explore ways to reduce the number of their vehicles that are parked overnight on residential roads and the outcome be reported to the Cabinet Member for Traffic & Transportation.

5.8 Response

Accepted. Some engagement has been undertaken previously:

- Over a number of years both Council officers and Councillors have contracted large companies across the city and have requested that commercial vehicles are not parked in residential streets overnight. A number of the companies responded that they would endeavour to ask their staff to leave vehicles in the work compounds where available, such as Colas. Southern Water identified that 10 employees take home works vehicles in Portsmouth and confirmed that this was for emergency response providers.
- Mountjoy and Colas, who both have large fleet vehicles, have contributed to the TECS review, to advise that a very small percentage of their fleet is parked on the main Portsea Island; those required for emergency call-outs or early appointments.
- Council officers have engaged with local business owners who have multiple commercial vehicles within residential areas (and are residents themselves), but no premises were identified as available for parking outside of working hours.

5.9 Recommendation 5

The bus companies to improve access to bus services and particularly regarding extending the bus route to pick up passengers from the Hayling Island ferry.

5.10 Response

Accepted. Council officers and Councillors maintain a good working relationship with the bus companies to continuously negotiate services and operations.

- Bus services that had been discontinued were reinstated in January 2019 (Services 13 & 14 on Sundays, new 6 and 12 services)
- The No.15 route now serves the Hayling Island ferry Monday to Friday.

5.11 Recommendation 6

The council to work with large companies/ supermarkets to ask them how the council could assist them to open up their carparks overnight to either residents or

commercial vehicles and the outcome be reported to the Cabinet Member for Traffic & Transportation.

5.12 Response

Accepted. Unfortunately, previous approaches to companies in relation to use of private land/car parks by residents have been unsuccessful.

5.13 Recommendation 7

The council to work with the University of Portsmouth to discuss a) them doing more to discourage students from bringing their cars, b) opening up their carparks to the public and c) making their Travel Plans more sustainable and the outcome be reported to the Cabinet Member for Traffic & Transportation.

5.14 Response:

Accepted. Further information:

- The University of Portsmouth does discourage students from bringing cars to the city, via its website and information given to students, but this has the potential to be improved. The University promotes walking and cycling, along with use of its own bus service.
- The University provides a bus service available only to students and staff with University passes. This service runs from the University of Portsmouth Cambridge Road, then via Cambridge Junction, Museum Road, King Road, Elm Grove, Victoria Road South, Albert Road, Highland Road, Eastney Road, Goldsmith Avenue, Fratton Bridge, Victoria Road North, Bradford Junction, Winston Churchill Avenue, The Terraces and Cambridge Road.
- Many of the University's car parks are available for public use outside peak times, for example evenings and weekends. These are enforced by PCC.
- There is a significant amount of new purpose built student accommodation with extensive cycle parking that is located in sustainable locations close to the University of Portsmouth and public transport hubs. This discourages that need for students to use and bring their private cars into the city.
- The Council will continue to work with businesses to encourage more sustainable travel to and from work.

5.15 Recommendation 8

Review the council-owned car parks with a view to improving usage. This would cover signage, distance from shops, pedestrian access, safety etc.

5.16 Response

Accepted. More promotion of available parking areas could also be undertaken but one of the reasons the council car parks are not used more is the availability of alternative free parking options within walking distance. Housing are reviewing their car park stock to see if any could be made more widely available. The Parking team manages the many of the public Pay & Display car parks, and others operated on

PCC-land are managed by the Housing & Property team. Signage within the parking areas has to be clear to enable enforcement.

5.17 The council should investigate the following:

5.18 Recommendation 9
The introduction of car clubs.

5.19 Recommendation 10
The introduction of weight and dimensional restrictions for vehicles in residential areas.

5.20 Recommendation 11
The possible removal of limited-waiting areas in some areas.

5.21 Recommendation 12
The viability of a) extending the Park & Ride routes further, the opening hours and the capacity of the Park & Ride service; b) introducing a Park & Ride East and a Park & Ride Rail; and c) the continued evaluation and monitoring of the PR2 University Park & Ride service.

5.22 Recommendation 13
Work is underway on the viability and introduction of a demand-responsive transport service.

5.23 Recommendation 14
The introduction of varying residents' parking permits charges for electric and hybrid vehicles where these are the first vehicle.

5.24 Response
Accepted: Recommendations 9 to 14 will be investigated, however for recommendations (10) and (11) the following should be considered:

- There are a number of weight restrictions across the city, however further investigation and consideration will be required if further commercial vehicle restrictions are progressed. This is due to many commercial vehicles being lightweight, and therefore are not in breach of the weight restriction signs that are prescribed by the Department for Transport. Restricting vehicles by dimensions could be difficult to enforce unless officers can obtain vehicle measurements.
- As per the TECS report, there are 755 limited wait spaces within the city which are used to support local businesses and shops, enabling a quick turnover of vehicles. All parking restrictions can be reviewed, and if the need for limited waiting parking bays is no longer required in some locations, these can be considered for removal. Limited waiting parking bays are located in commercial areas to provide free, short-term parking to enable customers to access businesses and services via a regular turnover of parking spaces.

Where there is high demand pay and display offers a more effective way of ensuring a turnover of space as it is easier to enforce.

5.25 Recommendation 15

Off street vehicle cross-over applications policy be reviewed so that the wider impact can be considered

5.26 Response

A report was presented to the Cabinet Member for Traffic and Transport on 28 February to update the existing Portsmouth City Council Provision of Vehicle Access Policy. The recommendations included in the report were approved and the new criteria will come into effect on 1st April. The amount of space required to park a vehicle on a forecourt in a 'traverse manner' i.e. drive the vehicle on and off a drive and park at a 90' angle to the property is 2.5m width and 5.0m depth. The amount of space required to park a vehicle on a forecourt in a 'longitudinal' manner i.e. drive the vehicle on and off a drive and park parallel to the property is 7.2m width and 3.0m depth.

The justification for these measurements is to ensure that a vehicle is parked wholly off the public highway and on private land without the risk of vehicles overhanging the footway and to ensure that vehicles do not make multiple movements backwards and forwards across the footway whilst trying to position a vehicle in a space that is too small.

Only crossovers which provide the same amount of parking or a greater amount of parking will be approved. For example a crossover which takes one space off the road but provides access to one or more off street spaces would be approved whereas a crossover that created a negative on street parking balance i.e. removing more than one on street space for one vehicle parked off road would not.

6. Equality Impact Assessment

- 6.1 A full EIA is not required as the proposals do not have a disproportionate negative impact on the specific protected characteristics described in the Equality Act 2010.

7. Legal Implications

- 7.1 It is the duty of a local authority to manage its road network with a view to achieving, so far as may be reasonably practicable having regard to its other obligations, policies and objectives, the following objectives:
- securing the expeditious movement of traffic on the authority's road network; and
 - facilitating the expeditious movement of traffic on road networks for which another authority is the traffic authority.
- 7.2 Local authorities have a duty to take account of the needs of all road users, take action to minimise, prevent or deal with congestion problems, and consider the implications of decisions for both their network and those of others.

- 7.3 The council, as traffic authority for the City of Portsmouth, may by order designate parking places on highways in their area for vehicles or vehicles of any class specified in the order and may make charges for vehicles left in such parking places. It may also provide off-street parking places on similar terms.
- 7.4 In determining what places can be so designated the council is required to consider both the interests of traffic and those of the owners and occupiers of adjoining property and in particular shall have regard to:
- a. the need for maintaining the free flow of traffic
 - b. the need for maintaining reasonable access to premises and
 - c. the extent to which off-street parking accommodation is available in the neighbourhood
- 7.5 Under sections 32 to 35 of the Road Traffic Regulation Act 1984 (the 1984 Act) local authorities may provide off-street parking places and may by order make provisions as to the conditions on which it may be used, and any charges which are to apply, including the provision of Pay & Display facilities, and the times and days on which such restrictions and/or charges are to apply. Any variations to such orders other than a variation of charges, must be made by traffic order in the same way as the original order.
- 7.6 A local authority can by order under section 45 of the 1984 Act designate parking places on the highway (on-street parking), for vehicles or vehicles of any specified class in the order, and may charge for such parking as prescribed under section 46. Such Orders may designate a parking place for use only by such person or vehicles or such person or vehicles of a class specified in the order and may specify that such charges or restrictions are to apply at specified times only. Any variations to such orders must be made by traffic order in the same way as the original order.
- 7.7 Guidelines issued by the government provide that the setting of charges for parking on-street or off-street in designated areas is a matter for the authority. It states that authorities should review charges periodically and take account of their effectiveness in meeting policy objectives. The Secretary of State recommends that authorities set charges at levels which are consistent with the aims of the authority's transport strategy
- 7.8 When setting charges, authorities should consider the following factors:
- parking charges can help to curb unnecessary car use where there is adequate public transport or walking or cycling are realistic alternatives, for example, in town centres;
 - charges can reflect the value of kerb-space, encouraging all but short-term parking to take place in nearby off-street car parks where available. This implies a hierarchy of charges within a local authority area, so that charges at a prime parking space in a busy town centre would normally be higher than those either at nearby off-street car parks or at designated places in more distant residential areas. Such hierarchies should be as simple as practicable and applied consistently so that charge levels are readily understandable and acceptable to both regular and occasional users;

- charges should be set at levels that encourage compliance with parking restrictions. If charges are set too high they could encourage drivers to risk non-compliance or to park in unsuitable areas, possibly in contravention of parking restrictions. In certain cases they could encourage motorists to park in a neighbouring local authority area which may not have the capacity to handle the extra vehicles. In commercial districts this may have a negative impact on business in the area; and
- if on-street charges are set too low, they could attract higher levels of traffic than are desirable. They could discourage the use of off-street car parks and cause the demand for parking spaces to exceed supply, so that drivers have to spend longer finding a vacant space.

8. Director of Finance's comments

- 8.1 The recommendations within this report are far reaching and their implementation will need to be reviewed alongside the financial constraints of the City Council.
- 8.2 The report lists where the Council is already delivering on some of these recommendations and they are being funded from a mixture of the existing cash limited budget, the off street parking reserve, corporate capital resources, external grants and third party contributions.
- 8.3 If new initiatives are identified as a result of the recommendations within this report then these will need to be financially appraised and a source of funding will need to be identified prior to their implement and a financial appraisal quantifying the long term financial implications will need to be evaluated.

.....
Signed by:

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:

(End of report)



Portsmouth CITY COUNCIL

Traffic, Environment & Community Safety Scrutiny Panel

**A REVIEW OF GENERAL PARKING ISSUES IN PORTSMOUTH
WITH A VIEW TO CONSIDERING ALTERNATIVE
STRATEGIES.**

Date published: 8 February 2019

Under the terms of the council's constitution, reports prepared by a scrutiny panel should be considered formally by the cabinet or the relevant cabinet member within a period of eight weeks, as required by Rule 11(a) of the Policy & Review Procedure Rules.

Preface

The Traffic, Environment & Community Safety Scrutiny Panel undertook a parking review into how we can work together with residents and businesses to address parking congestion in Portsmouth.

The aims of this review were to look at the complex issues and to identify potential solutions. During the review which was carried out between September 2016 and February 2019, the panel received evidence from a number of sources, which it used to draw up a series of recommendations to submit to the Cabinet.

I would like to convey on behalf of the panel my sincere thanks to everyone who contributed to making this review a success, particularly the officers in Traffic and Transportation and Democratic Services.

.....
Councillor Simon Boshier
Chair, Traffic, Environment & Community Safety Scrutiny Panel

Date: 8 February 2019

Table of Contents.

	Page
List of Abbreviations Used.	3
Executive Summary.	4
Purpose.	17
Background.	17
1. To understand and evaluate the current parking situation in the city which would include: a. The legislative background.	18
b. The management of supply and demand for parking, both on and off street.	20
c. Parking permits.	36
d. Parking of commercial vehicles in residential streets.	36
2. To investigate how effectively other local authorities deal with parking issues.	37
3. To identify and evaluate possible long-term solutions.	41
Conclusions.	42
Recommendations and the budget and policy implications.	44
Legal comments.	47
Finance comments.	48
Equality Impact Assessment.	48
Appendix 1 –Meetings Held.	49

List of Abbreviations Used.

Abbreviation	Definition.
BRT	Bus Rapid Transit
CEO	Civil Enforcement Officer
EIA	Equality Impact Assessment
MORI	Marketing and Opinion Research International
PFOE	Portsmouth Friends of the Earth
PSSPD	Parking Standards Supplementary Planning Document
RPZ	Residents' Parking Zone
SEHRT	South East Hampshire Rapid Transit
TEBS	Traffic, Environment & Business Support

Executive Summary

1. To understand and evaluate the current parking situation in the city which would include:

a. The legislative background.

1.1.1 When setting parking standards for development, the local Planning Authority must consider many factors including accessibility, type, mix, use, the availability for public transport, local car ownership levels and an overall need to reduce the use of high emission vehicles.

1.1.2 The five guiding principles of the Parking Standards Supplementary Planning Document are:

1. To maximise the provision of safe and convenient residential parking across the city, appropriate to the characteristics of the location.
2. To ensure that transport provision within Portsmouth is able to cater for future demand and support the vitality and growth of the city
3. To manage car use for trips to and within the city and encourage use of more sustainable transport modes especially for shorter journeys
4. To adopt a city-wide approach to parking which balances price, journey time, quality and convenience across the available parking supply and different target markets and is financially sustainable
5. To maintain credibility with funding agents and ensure that wider investment in transport provision represent value for money

1.1.3 It also provides a high level strategy which:

- Prioritises the city centre and harbour parking for short stay shopper and leisure visits (day and evening) and removes the availability of free off and on-street public parking spaces in these locations.
- Prioritises the seafront parking for short-medium stay visits for leisure, tourist and business purposes. This caters for day, short-break and commuter trips to and from the Isle of Wight.
- Prioritises District Centre (Cosham, North End and Fratton) parking for short-medium stay visits by shoppers, leisure users and business travellers.
- Prioritises on-street parking in residential areas for local residents, where required. This maximises the provision of safe and convenient residential parking across the city, where appropriate.
- Makes Park & Ride the first parking choice for commuters, shoppers and visitors to the city, particularly for medium and long stay parking.

1.1.4 Members considered an extract which showed the number of parking spaces which different size and types of properties are expected to require: a residential property with one bedroom would have one space; a two or three bedroom property 1.5 and a property with four or more bedrooms, two spaces. Expected visitor parking spaces is 10% of the total number of parking spaces. It also shows expected cycle spaces for all types of properties. There is some flexibility in the strategy to recognise that developers may wish to provide more or less parking in their schemes.

1.1.5 Parking standards in Portsmouth need to reflect local circumstances, strike the right balance between providing a sufficient number of parking spaces, promoting good

design and using land efficiently. The availability of developable land is extremely limited in Portsmouth.

- 1.1.6 The purpose of the planning system is to contribute to the council achieving sustainable growth. The government also expects it to encourage solutions which support reductions in greenhouse emissions and reduce congestion. Transport policies have an important role to play in facilitating sustainable development which should be focused around centres and public transport hubs. Within the city, the focus should be about promoting cycling, walking and the use of public transport. The city's character lends itself well to modes of transport other than the car.
- 1.1.7 It is important to improve access to sustainable modes of transport, address highway capacity issues in key locations and consider future demand for parking. All these aspects are essential to support sustainable growth within the city.
- 1.1.8 The council wants to support development in the city and recognises that a rigid set of standards will not achieve this. Each application is considered on its own merits. Many issues are considered including the availability of parking within the surrounding area and proximity to town centres, bus routes and railway stations, the development size, site characteristics, the expected profile of residents and the availability of mitigation and heritage issues.
- 1.1.9 Vehicle technology is improving. In ten years' time there may be no more diesel cars on the road as investment in public realm opportunities increases and more people walk and cycle.

b. The management of supply and demand for parking, both on and off street.

The Situation

- 1.2.1 There are competing demands on the limited network and a shortage of both off and on-street residential parking at a number of locations across the city. The number of cars registered to Portsmouth addresses continues to increase but kerb space remains largely the same. It is important to promote and invest in alternatives to driving. There is no single solution to this issue. All options need to be considered as part of the wider strategy.
- 1.2.2 Demand for parking reportedly tends to peak during the Summer months, particularly at weekends and when large events are being held. There is a high number of people parking their cars in the city and not moving them for most of the day. This overwhelms existing parking services, both on and off street.
- 1.2.3 In Old Portsmouth the increasing demand for parking was reportedly due to a number of factors including recent developments, reduced parking spaces, multiple car ownership, residents not using garages/ car ports, cars being too big to fit onto off-road parking space and lack of parking rules' enforcement.

The University of Portsmouth

- 1.2.4 The university encourages staff to use alternative modes of transport. There is no database of student who own cars. The university car parks are pay and display and are open to the public from 5pm to 8am on week days and all day at the weekends at a charge of £2 per day. A limited number of visitors' parking is provided.

1.2.5 In university-operated halls of residence, the tenancy agreement includes a clause prohibiting students from bringing cars to the city. Individual rooms are now classed as having individual addresses and therefore tenants can apply for RPZ permits. However, this does not fit with the shared agenda of the council and the university to reduce the number of cars in the city. A consultation will shortly be launched on a proposal to amend the wording on a Traffic Regulation Order to change the eligibility criteria to exclude students in halls of residence from being eligible for permits. This proposed change would reinforce the university's policy and would also support the wider agenda to improve air quality. A Park & Ride 2 bus service has been introduced to better serve university and students. It is also used by other customers.

Council Car Parks

1.2.6 Nancy Road car park is leased to the Victory Business Centre during the day and available for use by permit holders in the GA parking zone at weekends. Rodney Road is under a 12 year lease with a car dealership. The only council car park that had been sold in the last five years was in Greetham Street to enable development.

1.2.7 Citywide Taxis suggested that the existing parking facilities could be used more efficiently.

Residents' Views.

1.2.8 The panel considered 160 residents' views on parking that had been submitted in response to a highways survey in 2016. The views covered problems parking in residential roads, parking at junctions and the expensive and infrequent bus service.

1.2.9 A number of deputations from members of the public were also received covering: air quality, parking meter areas; residents parking permits; commercial vehicles parked in residential areas; enforcement; directions for pedestrians; promoting cycling; taxi use, parking provision in new builds, displacement parking problems from RPZs into adjacent areas, the effectiveness of this review, the possible introduction of a referendum on the introduction of a city-wide RPZ.

1.2.10 The panel carried out a public survey between June and July 2017 about parking issues in the city and proposed solutions. The responses were developed into questions for a workshop where concerns were raised about parking permits, commercial vehicles and parking in relation to sustainable transport.

1.2.11 A further survey was carried out to elicit residents' views on these particular issues and almost 3,000 responses were received. All postcodes were represented although the majority of responses were from residents in PO2 and PO4 areas. Two-person households were the most responsive. Most respondents had one vehicle per household. This high level analysis shows that parking demand in Portsmouth outweighs parking supply.

1.2.12 Here is a summary of the results of this survey:

1. 85% of respondents living outside a permit area view parking as problematic, compared to 72% of residents inside parking zones.
2. The general attitude to parking in Portsmouth does not vary by area.
3. The areas identified as being most impacted by parking congestion were:

- North End (the roads leading off Chichester Road, Powerscourt Road and Laburnum Grove).
 - Southsea (the roads leading off Fawcett Road, Francis Avenue and Albert Road).
 - Copnor (the roads leading off Stubbington Avenue and Mayfield Road), Fratton (the roads leading off Fratton Road).
4. When asked to identify the cause of parking congestion across the city, the responses included: commercial vehicles parking on residential streets, poor parking, large spaces being left between cars, too many cars for on-street parking capacity, too many students/ HMOs in the area, neighbouring roads having parking restrictions/ permits which causes pressure in neighbouring area and people ignoring already existing parking restrictions.
 5. 41% of respondents thought that parking zones have improved parking congestion, 41% think they have not and 18% were unsure.

Traffic Levels

- 1.2.13 The afternoon peak in traffic usually includes trips for reasons other than solely commuting (e.g. retail and leisure) whereas the morning peak is more limited to inbound commuting. Most car journeys are within the city.
- 1.2.14 There will be a significant increase in future demand for travel due to a combination of housing and employment-related trips that will be attracted and generated by the proposed development sites in the city.
- 1.2.15 The panel considered the breakdown of journeys made by car in Portsmouth. It is estimated that 65% of journeys start and finish within the city.
- 1.2.16 Stagecoach South explained that the predicted traffic levels would place an intolerable strain on the infrastructure. Given the nature of the city, it cannot accommodate unrestricted access by car.

On-Street Parking

- 1.2.17 Residential disabled bays are installed in response to residents' requests outside or close to where they live, if certain criteria are met.
- 1.2.18 There are currently 3,285 on street parking bays which require payment to park. Prime Parking is available at three locations across the city and facilitates short term parking at highly desirable places.
- 1.2.19 There are 755 limited wait spaces within the city which are usually used to support local businesses and shops, enabling a quick turnover of vehicles
- 1.2.20 There are 10,239 parking spaces within the 33 Residents' Parking Zones (RPZs) in the city. The RPZs currently cover 19% of the city's streets.
- 1.2.21 The Cabinet Member for Traffic & Transportation¹ explained that demand for on street parking in the city exceeded the kerb space available, and this is increasing. He considered it would be useful if the review looked at a city-wide strategy which would mean that resources would be freed from dealing with individual areas. A city-wide

¹ The Cabinet Member for Traffic & Transportation as at 3 November 2016.

approach would not mean that the same measures would be implemented in every street. It is important to consider the potential impact of any decision on the rest of the city.

1.2.22 The Portsmouth Cycle Forum expressed concern about the potential risks of echelon parking and where there is no buffer zone between cycle lanes and parking spaces.

Off-Street Parking

1.2.23 The possibility of increasing use of off-street parking had been explored with large shops and schools but there had been a degree of reluctance to participate.

1.2.24 A customer is required to submit applications to Colas to request a Vehicle Crossover and the associated Road Markings. The applications seek to identify the following:

Vehicle Crossover

- Ownership of the property (if the applicant is not the owner of the property, written permission is required from the owner before works can be considered);
- Location. Planning permission is required if the crossing opens onto a Classified Road;
- Type of vehicle using the access i.e. light (cars, vans etc..) or heavy duty (HGV);
- Any obstructions or obvious obstacles (street furniture, utility covers, trees);

Road markings

- Does the property have an existing purpose built pavement vehicle access? If not the application will be rejected.
- If an existing vehicle access exists is there a clear space to park a vehicle on your property? If not the application will be rejected.
- Are there existing double yellow lines at the proposed location? If not the application will be rejected.

This information is used by Colas to assess the initial application. A site visit will be conducted to review the request and a decision will be made based on this inspection after considering the following factors:

- Available Space
- Safety issues
- Gradient of footway/carriageway
- Street Trees
- Proximity to a Bus Stop
- Proximity to Controlled Crossing and School Zig-Zags
- Proximity to Controlled Crossings
- Presence of Grass Verges
- Presence of a garage
- Residents Parking Zones
- Street Furniture
- Existing vehicle crossovers

1.2.25 With regard to vehicles parking on the pavement the council can enforce where there are formal parking restrictions marked with signs and lines. The parking restrictions

cover the carriageway and the footway. If there are no formal parking restrictions the police can take action if they consider the vehicle is causing an obstruction.

- 1.2.26 The government is looking at possible changes to legislation regarding parking on pavements. One option being considered is delegating power to local authorities to enforce the banning of parking on pavements. It is important to consider whether the roads would be obstructed if vehicles were moved off the pavements.

Influencing Choices

- 1.2.27 There is infrastructure in place for cycling and walking. The council is promoting less busy, safer cycling routes. People are also encouraged to use buses and car share. Sustainable travel is promoted in the Parking Strategy SPD, by means of mandated workplace travel plans and permits for new developments.
- 1.2.28 Portsmouth Friends of the Earth felt that a modal shift towards active and sustainable travel in the city was required and had collated the views from the public which included: traffic being a barrier to walking; reviewing the parking systems; the abolition of free parking; improving the bus service; reviewing citywide permits; expanding the Park & Ride scheme; the introduction of a Park & Stride and car pool parking schemes. It was noted that shared pavements can work well when all users show respect and consideration for each other.

Parking Provision.

- 1.2.29 The panel examined provision in different areas of the city:

Seafront - On and off street parking is available to support the visitor and tourist economy and also the Isle of Wight commuter traffic. The spaces are well used at weekends and during seasonal peaks. There is competition with free visitor parking provision within nearby Resident Parking Zones (RPZs) and in unrestricted residential areas.

District centres - There are paid on and off street spaces and uncontrolled spaces for shopper, leisure users and business travellers. There are also several initiatives in the centres to encourage visitors.

Gunwharf - There is excessive demand for parking at Gunwharf Quays and certain city centre car parks, particularly at weekends, which leads to localised and occasionally wide spread congestion.

Southsea Common - Many visitors to the seafront park in nearby RPZs because the first three hours are free. The common may be used for overflow parking for a maximum of 17 days per calendar.

Dockyard - Discussions have been carried out with the dockyard regarding sustainable transport as part of the Local Sustainable Transport Fund. There will be further discussions following the recent successful bid for funding for the Connected City Bid.

Around Fratton Park - There are some RPZs around the football stadium but large areas are unrestricted. Portsmouth Football Club used to operate a Park & Ride service for supporters.

Residential Streets

1.2.30 The pressures on residential streets include: high density of housing, limited availability of off street parking; restricted highway capacity; commercial vehicles parked overnight; households with more than one car; the increasing trend of housing stock being converted to houses of multiple occupation.

Enforcement

1.2.31 The council's parking enforcement guidelines service priorities are:

- Road safety
- Keeping arterial routes clear
- Revenue protection
- Continuous improvement of parking provisions for residents and visitors to the city of Portsmouth

1.2.32 Crossing the road between parked cars is one of the biggest environmental factors contributing to traffic accidents involving child pedestrians.

1.2.33 Many complaints received by the Parking Service are about illegal parking at bus stops, near ATMs and convenience shops. Parking on zig-zag markings outside schools is also a continuing issue.

The Park & Ride Scheme

1.2.34 The buses run every 15 minutes and the journey to town takes 8 minutes. It is open 06:30 –20:00 Monday to Friday, 07.30-20:00 on Saturdays and 08:30-18:45 on Sundays. Some university staff find that the service does not run late enough in the evenings. The objectives are to:

- Provide parking outside the Portsmouth city centre (with good public transport access into the centre) to support the planned regeneration of the city;
- Relocate a proportion of commuter parking away from the city centre to the Park & Ride site;
- Attract leisure and shopping users, to address current shortfalls in parking supply at Gunwharf Quays and associated congestion in the city centre and harbour area, particularly on Saturdays;
- Provide public transport benefits to 'walk-in' local residents
- Be cost effective and financially sustainable for the council.

1.2.35 The intention is to increase the number of spaces by decking the car park as demand increases. The International Port's multi-storey car park is used as an overflow when demand exceeds capacity at the Park & Ride site. Citywide Taxis suggested that the use of Park & Ride could be expanded e.g. it could be used at night for private or commercial vehicles.

1.2.36 Discussions are ongoing with Gunwharf Quays about the possibility of promoting the service to their customers to save them the frustration of queuing and looking for a parking space.

1.2.37 To ensure service reliability, there is only a short section where the bus uses a normal traffic lane. First Group stated that it is recognised that Park & Ride would only work if buses are given priority and the journeys are quick, frequent and reliable.

Public Transport.

- 1.2.38 The council subsidises some bus routes and fulfils its statutory duty to issue concessionary fares.
- 1.2.39 Portsmouth City Council, Hampshire County Council and local bus operators are developing a South East Hampshire Rapid Transit system; a high specification, sub regional public transport network designed to provide a viable alternative to the private car and remove the transport barriers to economic growth and development of key sites. The network will focus on four key corridors into Portsmouth from Fareham, Waterlooville, Havant and Gosport.
- 1.2.40 Stagecoach South explained that the solution to parking problems is to make the public transport network more attractive. Free-flowing traffic leads to reliable journey times, more customers and better prices. In order to achieve that there needs to be fewer private vehicles on the roads and enforcement of parking regulations. Journey times have increased by 31% on a number of routes over the last 25 years. The priority that is given to traffic going in and out of Gunwharf Quays has a detrimental impact on the buses.
- 1.2.41 First Group noted that increased traffic levels lead to more congestion, less reliable bus service and subsequently more private car use. In 2017 £0.5m was invested in its bus network in Portsmouth. In addition, many other improvements have been made. The company is very focused on minimising the impact of exhaust emissions. Transferring responsibility for the bus service to the local authority was not considered to be a good idea as the council has many competing demands on funds. Maintaining buses in the private sector helps drive innovation. The perception is that having bus lanes would increase congestion but this is not the case. After the peak times, there are periods when the buses are operating at half capacity. It would not be economically viable to purchase smaller buses for use during the quieter times.
- 1.2.42 Both bus companies felt that providing additional parking was the solution. Additionally, it is important to look at traffic solutions that meet everyone's needs including cyclists and pedestrians.
- 1.2.43 Uber noted that with a vibrant private hire and technology sector there is the ability and incentive for innovative, urban mobility services to be built and trialled.

Bus Rapid Transit

- 1.2.44 20% of BRT passengers travelling from Fareham to Gosport used to make that journey by car.

c. Parking permits.

Residents' Parking Zones

- 1.3.1 The 36 zones cover 21% of residential roads and 12,839 residents' permits have been issued for 14,361 spaces. The first permit costs £30, the second £100, the third and subsequent permits £590. Third permits are only issued where there is space. There are eight zones where more permits have been issued than there are spaces. Over the next few years, the zones will be reviewed to ensure they operate in the most effective and efficient manner.

1.3.2 Zones are effective where parking issues are caused by external influences (non-residents) such as:

- Close proximity to a ferry port, other transport hub or hospital
- High numbers of tourists, shoppers and other visitors
- Commuters (leaving vehicles whilst using nearby railways, bus exchanges etc.)
- Local employees (travelling to the area by private vehicle)
- Use of residential streets by vehicles associated with businesses (garage repairs, car sales etc.)

d. Parking of commercial vehicles in residential streets.

1.4.1 The Cabinet Member for Traffic & Transportation² explained that the parking of commercial type vehicles in residential areas continues to be an issue.

1.4.2 Portsmouth Water reported that four members of staff take their vehicles home overnight. Those employees who park on city roads are on call in case of emergencies. If they did not park at their homes, response times would increase by approximately 90 minutes. They regularly remind their staff to park carefully and with due consideration to neighbours and other road users.

1.4.3 Mountjoy said that approximately 16 company vehicles are left overnight in the city. Staff provide the tools and use the company vans to commute to work. In the last two years, there have been two out-of-hours' complaints about parking. Often drivers are not able to park outside or near to the properties that they are visiting and sometimes must carry their tools a considerable distance. A review of the size of all the vehicles has been carried out and all are now the appropriate size and so require the least possible space when parking.

1.4.4 Colas and Ensign noted that approximately 27 vehicles are taken home by staff most evenings. If the council asked for the number of vehicles that are taken home to be further reduced, the operational efficiency would be affected because people would have to travel to the yard before they start their shift. The cost of doing this would not be able to be absorbed.

1.4.5 Residents in a RPZ can only get a permit for a commercial vehicle registered to a company, if it is the only vehicle at the property or if it is demonstrated that it is required for emergency call outs

2. To investigate how effectively other local authorities deal with parking issues.

2.1 First Group explained that in some other cities, there are no bus laybys; buses simply stop in the road to collect and drop off passengers.

London

2.2 UberPOOL is used to let passengers share vehicles with other passengers.

2.3 First Group explained that the introduction of the congestion charge in London helped fund improvements to the transport system.

² As at 3 November 2016

2.4 Brighton & Hove City Council added that most London boroughs have no waiting lists for their RPZ permits.

Brighton

2.5 Half the city of Brighton is controlled by RPZs. Permits are issued for 110% of the spaces available and are only for vehicles up to 2.25m height and 6m long. Once all households have a permit, applications for a second one are considered. A waiting list for RPZ permits is maintained for most of the city.

2.6 Brighton has the highest bus use outside London. Free passes are issued to the elderly and people with disabilities and can be used from 09:30. There is no Park & Ride service.

2.7 Parking bays are continuous and do not have individually marked bays as these were not enforceable and most people park sensibly. One side of the road is for permit holders; the other side is for both permit holders and people using pay & display. At one end of the street there is a parking area for motorbikes and at the other end one for bicycles.

2.8 The council reviews fees and charges every year based on occupancy rates. The aim is to maintain 85-90% occupancy in all streets so that the casual parker can find a space when needed. Some streets are 100% full. In these cases, it is recommended that the charges be increased to encourage a higher turnover of spaces which is better for traders.

2.9 Variable message signs and online parking information are used to direct drivers to off street parking.

2.10 There are charging points for electric cars in every council car park and have been recently upgraded to 3-pin. These points are not in individual bays.

2.11 The council has been successful in preventing displacement of parking problems when a parking zone is introduced. When the majority of residents in an area request a parking zone, the potential impact on the wider area is considered. Residents in these neighbouring areas are offered a full scheme or a light touch scheme. In the latter, there is a mixed use of permit holders and people who use the pay & display meters all day except for two hours a day when it is for permit holders only. The times vary according to the area. The light touch schemes have become more and more popular, particularly in areas where there are fewer parking issues. The enforcement costs are the same as in a permit only full scheme.

3. To identify and evaluate possible long-term solutions.

3.1 The suggestions that were proposed by witnesses during the course of the review included:

1. Extend the opening hours of the Park & Ride, open up another service, use it to park commercial vehicles overnight and introduce a park & rail scheme.
2. Limit Residential Parking Permits to one per household for new developments and introduce city-wide permits.
3. Require contractors to provide overnight parking for their vehicles.

4. Find more space for car parks: allow parking on council and schools' land that is not being used from 7pm to 7am on weekday, use Southsea Common for parking and to review the entire city's road space.
5. Allow the bus companies to use the council's minibuses.
6. Promote sustainable travel: implement a walking strategy; investigate a tram network running along the main thoroughfares and improve cycle routes.
7. Remove free parking on residential roads.
8. Introduce a Workplace Parking Levy.
9. Explore how local taxi and private hire can complement public transport on the outskirts of the city.
10. Situate dedicated pick-up and drop-off points at outlying bus stations to make 'first and last mile' connections easier.
11. Subsidise taxi and private hire operators' fares to and from stations or Park & Ride sites.
12. Offer personalised budgets for door-to door transport, allowing people with disabilities or access needs to take advantage of innovative new services to travel easily and affordably around their city.

4. Conclusions

- 4.1 Based on the evidence and views it received during the review process, the panel came to the following conclusions:

The panel noted that:

- 1. The council wishes to maximise the provision of safe and convenient residential parking across the city, appropriate to the characteristics of the location.**
- 2. Each area has its own parking needs and so parking solutions should be tailored according to these needs and take into consideration displacement parking.**
- 3. Parking is a significant concern for many residents.**
- 4. The number of parking spaces properties are expected to require as set out in the PSSPD are unrealistically low.**
- 5. A high number of cars are owned by residents and this is expected to continue to rise.**
- 6. The constrained road network is already showing signs of great stress in terms of volume of traffic. It cannot be expanded in response to increased demand.**
- 7. If public transport was cheaper and more reliable, car ownership might decrease and air quality improve.**
- 8. Some council-owned car parks in which permit holders can park have unused capacity.**
- 9. The city needs to be attractive to visitors some of whom will bring their cars.**

10. The reported high numbers of commercial vehicles parked in residential areas overnight and students' cars remaining unmoved for months may be disproportionate to the actual situation.
11. Introducing a city-wide RPZ would be very challenging to achieve. Residents would need to be consulted.
12. When assessing new off-street vehicle cross-over applications, it is important that the wider impact on the road and the neighbourhood be taken into consideration.

5. Recommendations

1. This report be used to inform the redevelopment of the Local Transport Plan and Parking Supplementary Planning Document and Portsmouth Local Plan.
2. The council do more to promote sustainable transport.
3. The current piecemeal approach to RPZs be reconsidered with a view to introducing a city-wide strategy or alternatively remove all parking zones.

Arrange meetings with:

4. Businesses that have large fleets to explore ways to reduce the number of their vehicles that are parked overnight on residential roads and the outcome be reported to the Cabinet Member for Traffic & Transportation.
5. The bus companies to improve access to bus services and particularly regarding extending the bus route to pick up passengers from the Hayling Island ferry.

The council to work with:

6. Large companies/ supermarkets to discuss how the council could assist them to open up their carparks overnight to either residents or commercial vehicles and the outcome be reported to the Cabinet Member for Traffic & Transportation.
7. The University of Portsmouth to discuss a) them doing more to discourage students from bringing their cars, b) opening up their carparks to the public and c) making their Travel Plans more sustainable and the outcome be reported to the Cabinet Member for Traffic & Transportation.

Review

8. The council-owned carparks with a view to improving usage. This would cover signage, distance from shops, pedestrian access, safety etc.

Investigate³

9. The introduction of car clubs.

³ Officers to report back by the end of the municipal year.

- 10. The introduction of weight and dimensional restrictions for vehicles in residential areas.**
- 11. The possible removal of limited-waiting areas in some areas.**
- 12. The viability of a) extending the route, the opening hours and the capacity of the Park & Ride service and b) introducing a Park & Ride East and a Park & Ride Rail.**
- 13. The introduction of a demand-responsive transport service.**
- 14. The introduction of varying residents' parking permits charges for electric and hybrid vehicles where these are the first vehicle.**
- 15. The off-street vehicle cross-over applications policy be reviewed so that the wider impact can be taken into consideration.**

1. Purpose

- 1.1 The purpose of this report is to present the Cabinet with the recommendations of the Traffic, Environment & Community Safety Scrutiny Panel following its review of general parking issues in Portsmouth with a view to considering alternative strategies.

2. Background

- 2.1 At its meeting on 28 September 2016 the Traffic, Environment & Community Safety Scrutiny Panel agreed the scope of the review:

1. To understand and evaluate the current parking situation in the city which would include:
 - The legislative background.
 - The management of supply and demand for parking, both on and off street.
 - Parking permits.
 - Parking of commercial vehicles in residential streets.
2. To investigate how effectively other local authorities deal with parking issues.
3. To identify and evaluate possible long-term solutions.

- 2.2 The Traffic, Environment & Community Safety Scrutiny Panel comprised:

Councillors: Stuart Potter, Chair
Steve Hastings, Vice Chair
Lee Hunt
Frank Jonas
Ian Lyon
Tom Wood

The Standing Deputies were Ken Ellcome, Suzy Horton, Steve Pitt, Darren Sanders, and David Tompkins.

Councillor Potter resigned as Chair on 9 June 2017.

On 11 July 2017 Councillor Hastings took over as Chair until December 2017.

On 13 February 2018 Councillor Steve Wemyss was appointed Chair of the panel.

On 15 May the panel's composition changed to:

Councillors: Simon Boshier, Chair
Yahiya Chowdhury
Ken Ellcome
Jason Fazackarley
Hugh Mason
Tom Wood

The Standing Deputies were Councillors David Fuller, Ben Swann and Steve Wemyss.

- 2.3 The panel met formally on ten occasions between 28 September 2016 and 8 February 2019.
- 2.4 A list of meetings held by the panel and details of the written evidence received are attached as appendix 1. The minutes of the panel's meetings and the documentation reviewed are published on the council's website.

3. To understand and evaluate the current parking situation in the city which would include:

a. The legislative background.

3.1.1 The Assistant Director, Transport, Environment & Business Support (TEBS) provided the following information to the panel:

National Planning Policy Framework

3.1.2 This Framework states that when setting local parking standards for development, the local Planning Authority should take into account the accessibility of the development, the type, mix, use, the availability of, and opportunity for public transport, local car ownership levels and an overall need to reduce the use of high emission vehicles.

Parking Standards

3.1.3 The Parking Standards Supplementary Planning Document (PSSPD)⁴ adopted in July 2014, sets out the standards and design principles for car parking in residential and non-residential developments. Its five guiding principles were established through the adoption of the Parking Policy Statement in 2013:

1. To maximise the provision of safe and convenient residential parking across the city, appropriate to the characteristics of the location.
2. To ensure that transport provision within Portsmouth is able to cater for future demand and support the vitality and growth of the city
3. To manage car use for trips to and within the city and encourage use of more sustainable transport modes especially for shorter journeys
4. To adopt a city-wide approach to parking which balances price, journey time, quality and convenience across the available parking supply and different targets markets and is financially sustainable
5. To maintain credibility with funding agents and ensure that wider investment in transport provision represent value for money

3.1.4 The PSSPD provides a high level strategy which:

- Prioritises the city centre and harbour parking for short stay shopper and leisure visits (day and evening) and removes the availability of free off and on-street public parking spaces in these locations.
- Prioritises the seafront parking for short-medium stay visits for leisure, tourist and business purposes. This caters for day, short-break, and commuter trips to and from the Isle of Wight.
- Prioritises District Centre (Cosham, North End and Fratton) parking for short-medium stay visits by shoppers, leisure users and business travellers.
- Prioritises on-street parking in residential areas for local residents, where required. This maximises the provision of safe and convenient residential parking across the city, where appropriate.
- Makes Park & Ride the first parking choice for commuters, shoppers and visitors to the city, particularly for medium and long stay parking.

4

<http://democracy.portsmouth.gov.uk/documents/s12642/TECS%2028%20Sept%2016%20Parking%20Standards%20SPD.pdf>

- 3.1.5 There is some flexibility in the PSSPD, recognising that developers may wish to provide more or less parking in their schemes. They must only substantiate any deviation from the expected standard with robust evidence.
- 3.1.6 Members considered an extract from the PSSPD which showed the number of parking spaces which different size and types of properties are expected to require: a residential property with one bedroom would have one space; a two or three bedroom property, 1.5 and a property with four or more bedrooms, two spaces. The data was taken from the 2011 census and related to Portsmouth. It was the latest information available. It also shows the expected parking spaces for sheltered accommodation, nursing and rest homes and purpose built student accommodation. Expected visitor parking spaces is 10% of the total number of parking spaces. It also shows expected cycle spaces for all types of properties.
- 3.1.7 The parking standards were designed to encourage sustainable modes of transport whilst recognising that the majority of residents want to own a car. The aim is to provide adequate parking for residents needs where possible in new developments.
- 3.1.8 Parking standards in Portsmouth need to reflect local circumstances, strike the right balance between providing a sufficient number of parking spaces, promoting good design and using land efficiently. The availability of developable land is extremely limited in Portsmouth. A large part of the city is characterised by dense networks of terraced streets built before cars were common.

The Vision

- 3.1.9 The city's vision is to make Portsmouth a premier waterfront city with an unrivalled maritime heritage and a great place to live, work and visit. The purpose of the planning system is to contribute to the achievement of sustainable growth. The three dimensions are economic, social and environmental.

Planning System

- 3.1.10 The government expects the planning system to encourage solutions which support reductions in greenhouse emissions and reduce congestion.

Policies

- 3.1.11 Transport policies have an important role to play in facilitating sustainable development which should be focused around centres and public transport hubs. Within the city, the focus should be about promoting cycling, walking and the use of public transport.
- 3.1.12 The city's character lends itself well to modes of transport other than the car.
- 3.1.13 There is now almost the same number of cars as households in the city and a mismatch between the desire to own a car and the ability to park.
- 3.1.14 Portsmouth will continue to grow. It is important to improve access to sustainable modes of transport, address highway capacity issues in key locations and consider future demand for parking. All these aspects are essential to support sustainable growth within the city.

- 3.1.15 The level of parking at journey destinations is limited in order to encourage other modes of transport. Parking provision within the city centre is expected to be significantly lower than other areas in the city.
- 3.1.16 The council wants to support development in the city and recognises that a rigid set of standards will not achieve this. Each application is considered on its own merits. The availability of parking within the surrounding area and proximity to town centres, bus routes and railway stations is evidence for reduced onsite parking. Other considerations include: the size of the development and characteristics of the site; the expected profile of the residents; the availability of mitigation and heritage issues.
- 3.1.17 Journey destinations have the greatest influence on modes of transport. Developers need to demonstrate how users of the site will be encouraged to travel by sustainable modes. The PSSPD does not set a standard, so developers have to establish a standard based on the development specifics. Each application must show evidence of the standard that has been applied.
- 3.1.18 Vehicle technology is improving. In ten years' time there may be no more diesel cars on the road as investment in public realm opportunities increases and more people walk and cycle.
- 3.1.19 The Cabinet Member for Traffic & Transportation⁵ explained that the council's policy for more development must be reconciled with the needs of the city.

b) The management of supply and demand for parking, both on and off street.
Background/ Demand

- 3.2.1 The Assistant Director and the Director, TEBS explained that Portsmouth has a population of 211,800. There are competing demands on the network and a shortage of both off and on-street residential parking at a number of locations across the city.
- 3.2.2 Portsmouth has a constrained network which cannot be simply expanded in response to the increasing volume of traffic. It is important to promote and invest in alternatives to driving. There is no single solution to this issue. All options need to be considered as part of the wider strategy.
- 3.2.3 The Parking Operations Manager explained that streets were built at a time when car ownership was extremely low and the later high demand for street parking could not be anticipated. The number of cars registered to Portsmouth addresses continues to increase but kerb space remains largely the same. From 2007 and 2017, there was an average increase of 19%. The PO6 area saw the biggest rise 31% and PO3 the lowest 5%.
- 3.2.4 The Cabinet Member for Traffic & Transportation⁶ explained that as shown in the survey results on page 24, residents feel that they should be entitled to two parking permits. It is important that residents realise that there is insufficient parking spaces for two vehicles per household.

⁵ As at 3 November 2017

⁶ The Cabinet Member for Traffic & Transportation as at 22 June 2018.

- 3.2.5 At a recent meeting with First Bus the need for more buses and the possibility of extending some routes was discussed. It is important that the number of vehicles in the city be reduced and the bus service improved to pick up the slack. Some residents do not have a bus stop near their homes or going to the destinations that they want to go to.
- 3.2.6 Schools have indicated that they would be reluctant to open up their car parks to general parking in the evenings and weekends because of potential fuel leaks and vandalism. Milton Cross School has shown some good initiative in opening up their car park on match days.
- 3.2.7 Commercial vehicle owners do not want to have to walk or take the bus in order to collect their vehicle from a designated car park.
- 3.2.8 The General Manager, Uber explained that demand tends to peak during the Summer months, particularly at weekends and when large events are being held. There is a high number of people parking their cars in the city and not moving them for most of the day. This overwhelms existing parking services, both on and off street in areas such as Gunwharf Quays and Commercial Road.
- 3.2.9 Friends of Old Portsmouth Association noted that the increasing demand for parking in that ward was due to a number of factors including recent developments, reduced parking spaces, multiple car ownership, residents not using garages/ car ports, cars being too big to fit onto off-road parking space and lack of parking rules' enforcement. They also stated that the provision of free parking encourages driving in the city.

University Students

- 3.2.10 The Director of General Estates & Campus Services, University of Portsmouth explained that:
- 3.2.11 Staff are encouraged to use alternative modes of transport. The review of the university's Travel Plan was due to be completed in May 2017. Students were asked a number of questions regarding their travel arrangements. The panel was invited to contribute their views as to what type of questions might be asked.
- 3.2.12 The Director did not know whether it would be possible to build a database of student car details. Part of the agreement with the university signed by students who live in halls of residence discourages them from bringing their cars. There have been no recorded breaches of this element.
- 3.2.13 The university car parks are pay and display which is enforced by the council. They are open to the public from 5pm to 8am on week days and all day at the weekends at a charge of £2 per day. A limited number of visitors' parking is provided. The Langstone Campus has approximately 60 parking spaces which as well as being used by students, are made available for community and sports events.

The Assistant Director, TEBS explained that:

- 3.2.14 Historically halls of residences were regarded as individual postal address. A few years ago this was changed and now individual rooms are classed as having

individual addresses and therefore the tenants can apply for RPZ permits. This does not fit with the shared agenda of the council and the university to reduce the number of cars in the city. A consultation will shortly be launched on a proposal to amend the wording on a Traffic Regulation Order to change the eligibility criteria to exclude students in halls of residence from being eligible for permits.

3.2.15 In university-operated halls of residence, the students' tenancy agreement includes a clause prohibiting them from bringing cars to the city. This proposed change would reinforce the university's policy and would also support the wider agenda to improve air quality.

3.2.16 The council has worked with the university to ensure that students are aware of their opportunity to respond to this consultation. The 14 students living in halls of residence who already have permits would not be affected by any change.

3.2.17 A new Park & Ride 2 bus service has been introduced to better serve university staff and students. It is also used by other customers including council staff.

Future Demand

3.2.18 The Director and the Assistant Director, TEBS explained that there will be a significant increase in future demand for travel. By 2026 traffic is predicted to grow by 16% during the morning peak; 27% during the afternoon peak and 23% during the weekend peak hours. This is due to a combination of housing and employment-related trips that will be attracted and generated by the proposed development sites in the city. These figures were the result of the modelling undertaken as part of the Portsmouth Western Corridor Transport Strategy⁷.

3.2.19 The 2010 Portsmouth Western Corridor (PWC) Study, sets out the preferred strategy for Portsmouth up until 2027. It provides the transport evidence in support of the Portsmouth Core Strategy. A new multi-modal model for the Western Corridor was developed in parallel with this study, to provide the modelling evidence for this transport strategy and Major Scheme Business Cases. Analysis of problems and issues was undertaken to form the basis for developing strategies for intervention as part of the PWC Strategy and provides the baseline for the appraisal. The particular impetus for the study comes from the need to make decisions with respect to a number of proposed major developments within the corridor, which have the potential to significantly impact upon the level and pattern of trip-making to, from and within the corridor.

3.2.20 The draft PWC final report presents the modelling and appraisal of the packages, and the preferred strategy for the Portsmouth Western Corridor.

3.2.21 The afternoon peak usually includes trips for reasons other than solely commuting (e.g. retail and leisure) whereas the morning peak is more limited to inbound commuting.

⁷ <https://www.portsmouth.gov.uk/ext/documents-external/pln-western-corridor-study.pdf>

2011 census data - Portsmouth							
ORIGIN	Total	Car	Walk	Cycle	Bus	Rail	Other
All trips	80,382	58.2%	18.5%	8.3%	8.4%	3.8%	2.8%
Internal trips	52,520	48.1%	26.5%	10.9%	10.2%	1.3%	3%
External trips	27,852	77.2%	3.4%	3.3%	5.1%	8.5%	2.5%
DESTINATION	Number	Car	Walk	Cycle	Bus	Rail	Other
All trips	93,792	50.5%	15.4%	8.3%	7.9%	3.1%	3.7%
Internal trips	52,520	48.1%	25.5%	10.9%	10.2%	1.3%	3%
External trips	41,272	76.4%	3.5%	4.9%	5.1%	5.4%	4.5%

- 3.2.22 The table above shows the total number of trips with Portsmouth as an origin and destination from 2011 Census data. It breaks the data down to show those travelling within the Portsmouth boundary (52,520) and those arriving from elsewhere (41,272) and leaving the city (27,852). The trips are also split into percentage mode use.
- 3.2.23 The level of self-containment within Portsmouth (i.e. the number of journeys commencing and finishing within the city) is currently estimated to be 65%.
- 3.2.24 There is excessive demand for parking at Gunwharf Quays and certain city centre car parks, particularly at weekends, which leads to localised and occasionally wide spread congestion.
- 3.2.25 The Managing Director, Stagecoach South explained that the predicted traffic levels would place an intolerable strain on the infrastructure. Given the nature of the city, it cannot accommodate unrestricted access by car.
- 3.2.26 Friends of Old Portsmouth Association expressed concern that Portsmouth has the third worst air quality in the region and had been named by World Health Organisation for breaching air pollution safety levels. There are too many cars on a small island. Primacy of motor traffic discourages active sustainable travel. Portsmouth also has high obesity levels, cycle accident rates and a poor child pedestrian safety record.

Travel to Work

3.2.27 The 2011 census data for usual method of travel to work, 16-74 year olds in employment.

	Percentage Mode Use
Work Mainly at or From Home	3%
Underground, Metro, Light Rail, Tram	0%
Train	4%
Bus, Minibus or Coach	7%
Taxi	1%
Motorcycle, Scooter or Moped	1%
Driving a Car or Van	52%
Passenger in a Car or Van	6%
Bicycle	7%
On Foot	17%
Other Method of Travel to Work	1%

Council Car Parks

3.2.28 Commercial Road North and Rodney Road car parks were transferred back to the property directorate and the latter is under a 12 year lease with a car dealership.

3.2.29 Nancy Road car park was taken back by the property directorate and is now leased to Victory Business Centre during the day, but available for use by permit holders in the parking zone GA Fratton overnight and at weekends.

3.2.30 The Cabinet Member for Traffic & Transportation⁸ explained that the only car park that the council had sold in the last five years was in Greetham Street. This was done to enable development. The Stanhope Road car park adjacent to the former Zurich House was managed but not owned by the council.

3.2.31 The Manager, Citywide Taxis suggested that the existing parking facilities could be used more efficiently. He thought that some council owned car parks for permit-holders only are two-thirds empty.

Programme of Improvement

3.2.32 The Director of TEBS explained that every year his team submits bids for funding both internally and externally to maintain programmes of improvement that are included in the Local Transport Plan. The current agreed programme of work would continue during the course of this scrutiny review.

Residents' Views

3.2.33 The Director of TEBS explained that a recent Marketing and Opinion Research International survey was undertaken in 2016 on behalf of the council asking residents' opinions on a number of highway issues. From the 1,000 responses

⁸ As on 3 November 2016

received, 440 residents took the trouble to provide additional comments and 160 of those offered their views on parking issues:

Concerns

- Difficulty finding a parking space near home.
- Dustbins put in the road to reserve parking.
- Disabled owners parking near their reserved spot to reserve a parking space for another car
- Parking on pavements.
- Businesses using residential streets and some leaving cars parked for months.
- Parking at the junctions blocking access and visibility.
- Visitors to events, commercial drivers and workers from nearby businesses parking in residential roads.
- Untaxed and abandoned cars.
- Too many trees in some roads taking up potential parking spaces.
- The bus service is too expensive and becomes hourly after 8pm.
- Perceived lack of enforcement regarding illegal parking at bus stops and double yellow lines.
- Blue badge holders parking on double yellow lines causing an obstruction.

Proposed Solutions.

- Rewards to households with only one car.
- Residents-only parking zones.
- Encourage cycling by reviewing the cycle lanes and providing more bicycle racks.
- Fewer yellow lines.
- Ban commercial vehicles from parking in residential roads.
- Stop building flats that do not have adequate parking.
- Build more off-road parking everywhere.
- Remove parking restrictions between 7pm and 8am.
- Provide free allocated parking bays.
- Private school pupils be dropped off at the Park & Ride and dedicated school buses take them to school.

3.2.34 The panel also heard the views of a number of members of the public and councillors during this review:

- Within the LA parking zone,⁹ the parking meter areas could be changed as follows: three would be all residents' parking, three would have permit parking only and all would operate between 9 and 5pm.
- Allow free overnight on-street parking and along the seafront.
- Only issue RPZ parking permits to households that pay council tax.
- Require residents with driveways or garages who live in RPZs to pay for parking permits.
- Make the first residents parking permit free, a small charge be levied for the second and a much higher charge levied for the third.

⁹ LA - North Southsea parking zone <https://www.portsmouth.gov.uk/ext/parking-travel-and-roads/parking/residents-parking-zones>

- Consider holding a referendum on the introduction of a city-wide RPZ possibly with differing enforcement times in different areas based on local needs.
- Ban overnight parking of commercial vehicles in residential roads and remove caravans that are kept on residential roads permanently.
- Allow local commercial vehicle owners to park for free on the seafront overnight.
- Sell permits for commercial vehicles to park in RPZs.
- Extend the Park & Ride service and allow registered residents to park in the car park.
- Drastic measures are required as the roads cannot cope with the current amount of traffic. In Paulsgrove, dangerous and illegal parking have been a problem for over ten years but there are not enough Parking Attendants to deal with this.
- The council should install clear maps directing people on how to get from Portsmouth & Southsea & Railway Station to the seafront on foot. More fingerposts are required along this route and between other key destinations in the city.
- The benefits of cycling or travelling by taxi should be publicised and some of the roads' budget be spent on safer cycling measures. Residents do not realise that it is cheaper to use taxis regularly than to purchase and run a car.
- Lobby the government for more frequent and cheaper train travel.
- Build a multi-storey car park on existing council car parks where possible.
- Appoint a Cabinet Member for Parking.
- Increase the level of enforcement of the 20mph speed restrictions.
- Allow residents who live just outside an RPZ to apply for permits in the adjacent RPZ to minimise the impact of displacement parking.
- Reduce the number of student vehicles in the city.
- Compel developers to create more off-street parking provision when designing blocks of flats.
- Subsidise some bus routes, improve links and incentivise car sharing to improve air quality.

3.2.35 A public survey was carried out between June 2017 and July 2017 about parking issues in the city and proposed solutions. The responses were developed to focus questions for a workshop that was held in July 2017. The main concerns raised included parking permits, commercial vehicles and parking in relation to sustainable transport.

3.2.36 A further survey was carried out to elicit residents' views on these particular issues and ran from 27 December until 22 January. Almost 3,000 responses were received. This volume of responses ensures a 99% confidence level with a margin of error of 2.4%.

3.2.37 Here is a summary of the results:

The survey gained responses from all six outward postcodes (PO1-PO6), although the majority of responses were from residents in PO2 and PO4 areas.

3.2.38 Two-person households were the most responsive (40% of responses), one-person households were considerably lower than expected when compared to a Portsmouth household distribution estimate produced by the Office of National Statistics.

3.2.39 Most residents who interacted with the survey responded that they have one vehicle per household (49% of respondents) or two vehicles per household (39%), only 3%

responded that they do not own a vehicle. This high level analysis shows that parking demand in Portsmouth outweighs parking supply.

3.2.40 An overwhelming majority (82% of respondents) view parking as problematic whereas 16% of respondents do not view parking as a concern in Portsmouth.

3.2.41 The general attitude to parking in Portsmouth does not vary by area. The majority of residents in all six outward postcode zones think parking is a problem in the city. However, these majorities do range from 68% in PO1 to over 90% in PO2.

3.2.42 When asked to identify specific areas and streets which are most impacted by parking congestion, respondents highlighted the following: North End (the roads leading off Chichester Road, Powerscourt Road and Laburnum Grove), Southsea (the roads leading off Fawcett Road, Francis Avenue and Albert Road), Copnor (the roads leading off Stubbington Avenue and Mayfield Road), Fratton (the roads leading off Fratton Road).

3.2.43 When asked to identify the cause of parking congestion across the city, the responses included: commercial vehicles parking on residential streets, poor parking, large spaces being left between cars, too many cars for on-street parking capacity, too many students/ HMOs in the area, neighbouring roads having parking restrictions/ permits which puts pressure in neighbouring areas and people ignoring already existing parking restrictions.

3.2.44 The attitude to parking varied slightly by residency inside or outside a parking zone area although clear majorities in both show that residents view parking as a problem. 85% of respondents living outside a permit area view parking as problematic, compared to 72% of residents inside parking zones.

3.2.45 41% of respondents think parking zones have improved parking congestion, 41% think they have not improved parking congestion and 18% remain unsure.

Residential Disabled Bays

3.2.46 The Director of Transport, Environment & Business Support explained that these are installed in response to residents' requests outside or close to where they live, if the following criteria are met:

- The resident is a Blue Badge holder.
- The vehicle is registered/ kept at the applicant's address.
- There is no usable off-street parking.

3.2.47 There is a £51 fee applicable prior to a bay being installed which is waived if the applicant is in receipt of Housing Benefit or Council Tax Support. The bay can be used by any Blue Badge holder. There are approximately 1,800 residential disabled bays in the city and 150 disabled bays in public areas (figures correct as of 2018).

On Street: Pay and Display

3.2.48 The Director of TEBS explained that the Highway Authority has full ownership and discretion over the use of on street pay and display parking. There are 3,285 on street parking bays (figure correct as of 2018). Prime Parking is available at three locations across the city and facilitates short term parking at highly desirable places.

On Street Parking Provision: Limited Wait

3.2.49 The Assistant Director of TEBS explained that there are currently 755 limited wait spaces within the city. These allow free waiting for a prescribed amount of time (as per the Traffic Regulation Order) and are usually used to support local businesses and shops, enabling a quick turnover of vehicles (e.g. on Milton Road).

3.2.50 There are 32 part-time and 82 full-time spaces designated for loading in the city.

On Street: Resident Parking Zones (RPZ)

3.2.51 There are 10,239 parking spaces within the 33 RPZs in the city. The RPZs currently cover 19% of the city's streets. (Figures correct as of 2018)

On Street - General

3.2.52 The Cabinet Member for Traffic & Transportation¹⁰ explained that the demand for street parking by the increasing number of vehicles in the city exceeded the kerb space available. He considered it would be useful if part of the review looked at city-wide strategy which would mean that resources would be freed from dealing with individual areas. A city-wide approach would not mean that the same measures would be implemented in every street. It is important to consider the potential impact of any decision on the rest of the city.

3.2.53 The Assistant Director, TEBS explained that the possibility of increasing use of off-street parking had been explored with big shops and schools but there had been a degree of reluctance to participate.

3.2.54 Portsmouth used to be very self-contained and people both lived and worked in the city. This is no longer the case. People from Fareham East tend to work in Portsmouth and those from Fareham West in Southampton.

Influencing Choices

3.2.55 The Assistant Director and the Director of TEBS explained that there is infrastructure in place for cycling and walking. People are also encouraged to use the buses and car share. Sustainable travel is promoted in the PSSPD, by means of mandated workplace travel plans and permits for new developments.

3.2.56 The Acting Chair, Portsmouth Cycle Forum explained that it is essential that there is a modal shift towards active and sustainable travel in the city. This would have significant health benefits. The roads should be made safer for cyclists and the benefits of cycling promoted. Some echelon parking (spaces at an angle which is not parallel or perpendicular to a kerb line) is dangerous when it allows motorists to reverse out onto the road despite not being able to see oncoming traffic and the rears of some cars protrude. Some cycle lanes that are positioned next to parking spaces without a buffer zone are also dangerous.

3.2.57 The Assistant Director and the Director TEBS asked the panel to note that the council is promoting less busy, safer cycling routes. Over the last two years, the council had provided many initiatives to encourage cycling including helping people to buy and maintain their bicycles.

¹⁰ As at November 2016.

3.2.58 The Portsmouth Friends of the Earth (PFOE) Coordinator explained that as part of their campaign to make the city more walkable, local people had expressed the following views:

- Traffic is seen as a barrier to walking.
- The parking systems need to be reviewed.
- Free parking in the city should be ended.
- The bus service needs improving.
- Citywide permits should be introduced.
- A Park and Stride scheme should be introduced.
- A car pool parking scheme should be introduced.

3.2.59 She explained that fewer cars on the roads would lead to more reliable public transport and more people walking, which would be better for the economy and people's health and wellbeing.

3.2.60 Pavements are generally narrow and used by pedestrians (some with walking sticks or pushchairs), people in mobility scooters, joggers etc. In order to accommodate cyclists as well as pedestrians, the pavements would need to be widened. Shared pavements can work well when all users show respect and consideration for each other. Cyclists should use their bells to warn people that they are approaching from behind.

3.2.61 PFOE had talked to the Cabinet Member for Traffic and Transportation¹¹ and officers about creating a network of walking routes between key areas including transport hubs, city centres, high street and neighbourhood streets. There could also be a flagship route.

3.2.62 The Park & Stride scheme started with schools asking parents not to drop off their children outside the school gates and could be expanded to encourage everyone to park a little further from their destination and enjoy a short walk.

Parking Provision in the City Centre and Harbour Area

3.2.63 The Assistant Director of TEBS explained that the levels of parking provision within the city centre and the Portsmouth Harbour area are more aligned with out of town shopping areas and are significantly higher than those in West Quay and are comparable to Blue Water shopping centres.

3.2.64 In the city centre there are slightly fewer than 7,000 off street spaces which is 54 spaces/ 1,000m² retail space. In the harbour area there are 77 spaces/ 1,000m² retail space. The council is responsible for 26% of parking spaces in the city centre.

3.2.65 There is excessive demand for parking in specific city centre/ harbour car parks (e.g. Gunwharf Quays) and underutilisation of others (e.g. Isambard Brunel Multi Storey Carpark).

3.2.66 Isambard Brunel Road multi-storey car park is under-utilised at the weekend whereas there are often queues for the car park at Gunwharf Quays. It is not intuitive to head to Isambard Brunel multi storey car park when your destination is Gunwharf Quays.

¹¹ As on 20 March 2017

Although feedback from the public suggests that many did not realise that there were nearby car parks, it may be that they prefer to be as close as possible. The occupancy rates for Gunwharf Quays car park are commercially sensitive and therefore not available for this review.

3.2.67 There is a high use of public off street car parks by commuters.

3.2.68 There is significant private non-residential parking at key employers within the Western Corridor, e.g. the Naval Base.

Provision at the Seafront

3.2.69 There are approximately 1,200 off street spaces and significant on-street parking. These have a key role to play in supporting the visitor and tourist economy, as well as the Isle of Wight commuter traffic. The spaces are well used at weekends and during seasonal peaks. There is competition with free visitor parking provision within nearby RPZs.

Provision in District Centres

3.2.70 There are 140 off-street parking spaces in Cosham, North End and Fratton, as well as uncontrolled and paid on-street spaces. These are designed to provide cost effective and convenient short term parking for shoppers, leisure users and business travellers to support the vitality and viability of district centres. There is a differential pricing structure, and 'free to park periods' to help support these centres.

3.2.71 The Southsea shopping centre is classified as a district centre. There are several initiatives in the centres to encourage visitors including free parking after 15:00 hours in North End (Stubbington Avenue) and Southsea (Ashby Place) and also Wednesday evenings in Southsea (Ashby Place).

Residential Streets.

3.2.72 The significant pressure for parking on residential streets includes:

- The high density of housing stock
- Limited availability of off street parking
- Restricted highway capacity
- Residents parking commercial vehicles outside their homes overnight.
- Commercial vehicles being parked in residential streets overnight.
- Residential households having two or more cars. In 1971 there were 30,000 cars for 68,000 households and in 2011 it had risen to 80,000 for 83,000 households.
- The increasing trend of housing stock being converted to houses of multiple occupancy.

3.2.73 The Managing Director of Stagecoach explained that the high turnover, short term parking in district centres tends to produce localised congestion.

3.2.74 The General Manager, Uber explained that there is insufficient off-street parking at residential properties in the city centre.

Parking Enforcement

3.2.75 The Assistant Director and the Director of TEBS explained that the Enforcement team comprises 33 full time and 4 part time Civil Enforcement Officers (CEOs)

(equating to 35.55 full time equivalent as at May 2018) and works in accordance with the Department for Transport's Traffic Management Act 2004 Parking Policy and the council's Parking Enforcement Guidelines Service Priorities which are:

- Road safety
- Keeping arterial routes clear
- Revenue protection
- Continuous improvement of parking provisions for residents and visitors to the city of Portsmouth

3.2.76 The Parking Operations Manager explained that according to police data (STATS19)¹², crossing the road between parked cars is one of the biggest environmental factors contributing to traffic accidents involving child pedestrians.

3.2.77 The surplus income gained from car parks alleviates the burden on the tax payer.

3.2.78 Many complaints received by the Parking Service are about illegal parking at bus stops, near ATMs and convenience shops.

3.2.79 Two cameras were introduced in January 2017 to deal with illegal parking on zig-zag markings outside schools. CEOs are particularly subject to abuse and assaults when carrying out their duties outside schools.

Park & Ride Service

3.2.80 The Assistant Director TEBS explained that the Park & Ride Service was opened in April 2014 at Junction One of the M275 and takes passengers to the city centre and the Hard. It has 660 parking spaces. The buses run every 15 minutes and the journey to town takes 8 minutes. It is open 06:30 –20:00 Monday to Friday, 07.30-20:00 Saturdays and 08:30-18:45 Sundays.

3.2.81 The objectives are to:

- Provide parking outside Portsmouth city centre (with good public transport access into the centre) to support the planned regeneration of the city;
- Relocate a proportion of commuter parking away from the city centre to the Park & Ride site;
- Attract leisure and shopping users, to address current shortfalls in parking supply at Gunwharf Quays and associated congestion in the city centre and harbour area, particularly on Saturdays;
- Provide public transport benefits to 'walk-in' local residents
- Be cost effective and financially sustainable for the council.

3.2.82 The Assistant Director and the Director of TEBS further explained that:

3.2.83 Turn up and pay customers pay £4 per day per car for a driver and four passengers. The latest flexi pass offers means that up to 50 uses can be purchased which works out at £2 per use. The trips must be taken within a year. The intention is to encourage repeat use of the service.

¹² <https://data.gov.uk/dataset/cb7ae6f0-4be6-4935-9277-47e5ce24a11f/road-safety-data>

- 3.2.84 Discussions are ongoing with Gunwharf Quays about the possibility of them promoting the service to their customers to save them the frustration of queuing and looking for a parking space.
- 3.2.85 The intention is to increase the number of spaces at the Park & Ride by decking the car park as demand increases. The International Port's multi-storey car park is used as an overflow when demand exceeds capacity at the Park & Ride site. This has been used during key event days e.g. festival of Christmas and Black Friday 2015.
- 3.2.86 To ensure service reliability, there is only a short section where the bus uses a normal traffic lane.
- 3.2.87 The General Manager, First Group stated that it is recognised that Park & Ride would only work if buses are given priority and the journeys are quick, frequent and reliable.
- 3.2.88 The Director of General Estates & Campus Services, University of Portsmouth explained that all staff are encouraged to use alternative modes of transport including the park and ride service. However, some staff find that it closes before they finish work.

Park & Ride: Current usage trends

	Average Use (vehicles)
Weekday (excluding holidays) April 2014 to present	195
Saturday (all year) April 2014 to present	528
Sunday (all year) April 2014 to present	295
School holiday weekdays April 2014 to present	377
Bank holidays April 2014 to present	566
Busiest University Open day 2015 (3 Oct)	879
Victorian Festival of Christmas 2015 (Sunday)	835
Great South Run 2015	705

- 3.2.89 The Manager of Citywide Taxis suggested that the use of Park & Ride could be expanded and that the 600 places could be used at night for private or commercial vehicles.
- 3.2.90 The Managing Director of Stagecoach explained that Park & Ride in context can provide a very effective solution.
- 3.2.91 The Director of TEBS explained that:

Southsea Common

- 3.2.92 Many visitors to the seafront park in nearby RPZs because the first three hours are free.
- 3.2.93 The Culture & City Development Events Team used the common for special events parking for three days in 2016: two for the Great South Run and the other for Beach Buggin' (a Volkswagen event). The common may be used for overflow parking for a maximum of 17 days per calendar.

Dockyard

3.2.94 Discussions have been carried out with the dockyard regarding sustainable transport as part of the Local Sustainable Transport Fund. There will be further discussions following the recent successful bid for funding for the Connected City Bid.

Fratton Park Area.

3.2.95 There are some RPZs around the football stadium. Portsmouth Football Club operated a Park & Ride service for supporters in the past. No similar arrangements are in place at the moment.

3.2.96 Portsmouth Football Club Traffic Management Plan is managed and maintained by the council's Network Management team. The Traffic Regulation Order signage for additional match day restrictions is put in place at around 07:15 on Saturdays when there is a match.

3.2.97 The Cabinet Member for Traffic & Transportation¹³ explained that the parking controls that are in place around Fratton Park on match days are initiated by the police who will use the plan to allow them to better manage the area during matches that are classed as being 'high risk'.

Public Transport

3.2.98 The council subsidises some bus routes and fulfils its statutory duty to issue concessionary fares.

3.2.99 The Transport Planning Manager explained that Portsmouth City Council, along with Hampshire County Council and local bus operators are developing a South East Hampshire Rapid Transit (SEHRT) system. It is envisioned to be a high specification, sub regional public transport network designed to provide a viable alternative to the private car and remove the transport barriers to economic growth and development of key sites.

3.2.100 The network will focus on four key corridors into Portsmouth from Fareham, Waterlooville, Havant and Gosport. A number of phases have already been delivered successfully across the South Hampshire region, including: Eclipse Busway Bus Rapid Transit (BRT), Star Quality Corridor, Portsmouth Park & Ride, Portsmouth Hard Interchange and Solent Go.

3.2.101 Portsmouth City Council recently submitted a joint bid with Hampshire County Council to the Department for Transport's Transforming Cities Fund, to advance the SEHRT network and construct the future phases of the network.

3.2.102 The Managing Director, Stagecoach South explained that:

3.2.103 The solution to parking problems is to make the public transport network more attractive.

¹³ As at November 2016

- 3.2.104 In the city, Stagecoach buses run every 10 minutes. Free-flowing traffic leads to reliable journey times, more customers and better prices. In order to achieve that there needs to be fewer private vehicles on the roads. Enforcement of parking regulations is essential in maintaining clear roads. He suggested that perhaps arrangements could be made for the council to view the CCTV footage taken from the front of the bus.
- 3.2.105 Journey times have increased by 10% in the last decade in many cities. In Portsmouth over the last 25 years there has been a 31% increase on a number of their routes and a 20% increase over the last decade on the 21 service. This has meant that more buses have been introduced to maintain the same level of service.
- 3.2.106 Studies have shown that every £1 invested into giving buses priority results in a £7 benefit to the economy. There has been considerable investment in the fleet over recent years.
- 3.2.107 The company works very closely with the council and values their relationship.
- 3.2.108 The priority that is given to traffic going in and out of Gunwharf Quays has a detrimental impact on the buses.
- 3.2.109 The differing uses of land need to be balanced and alternative sustainable transport options needs investment.
- 3.2.110 The Managing Director and General Manager First Group explained that:
- 3.2.111 Bus drivers regularly encounter inconsiderate parking which can be a serious safety issue.
- 3.2.112 There is a downward cycle with increased traffic levels leading to more congestion, less reliable bus services and more private car use. Overall, the buses' average speed is 11.2mph. In Portsmouth it is about 9mph.
- 3.2.113 Last year approximately £0.5m was invested in First Group's bus network in Portsmouth. In addition to this, in the last three years they have invested in 100 new buses, the refurbishment of others, new lighting, audio and visual announcements and free wifi. Mobile, multi area and group tickets have also been introduced recently. This investment helps to make the bus attractive to try and entice people from their cars.
- 3.2.114 The company is very focused on minimising the impact of exhaust emissions. Their driver performance monitoring scheme gives drivers real-time feedback on their driving including braking frequency and time spent idling. The engines of many new buses turn off after two to three minutes in traffic. They are also looking into the use of electronic or gas vehicles which are used in some cities. The average fleet vehicle is 5.2 years old. The government guidelines advise a maximum age of 8 years.
- 3.2.115 One bus can take between 30 and 37 passengers.

- 3.2.116 Providing additional parking was the solution. It is important to look at traffic solutions that meet everyone's needs including cyclists and pedestrians.
- 3.2.117 It would be a good idea to transfer responsibility for the bus service to the local authority as the council has many competing demands on funds. Maintaining buses in the private sector helps drive innovation as can be seen on the BRT between Fareham and Gosport.
- 3.2.118 Approximately 50% of their fleet is stored overnight in the depot in Fareham because there is insufficient space in their depot in Portsmouth. They would like to move to an alternative site in the city if one could be identified.
- 3.2.119 There is competition between First and Stagecoach South e.g. the route from the city to Cosham via North End.
- 3.2.120 Taking the bus works out cheaper than travelling by taxi if a customer is making more than one journey in a day. A day pass costs £4.20 and from the city centre to Gunwharf Quays costs £1.
- 3.2.121 The perception is that having bus lanes would increase congestion but this is not the case.
- 3.2.122 On Gladys Avenue, North End the bus route was in place for some time before parking places were introduced.
- 3.2.123 Double decker buses are the same width as single ones: 2.55m.
- 3.2.124 After the peak times, there are periods when the buses are operating at half capacity. It would not be economically viable to purchase smaller buses for use during the quieter times.
- 3.2.125 The General Manager of Uber noted that with a vibrant private hire and technology sector there is the ability and incentive for innovative urban mobility services to be built and trialled.
- 3.2.126 The Assistant and the Director of TEBS explained that council minibuses are hired out to schools and are not registered for public transport.
- 3.2.127 In the UK 3.5m people travel to work by bus. 20% of BRT passengers travelling from Fareham to Gosport used to make that journey by car. Before the BRT was introduced there were approximately 1million journeys to Gosport per year; now there are estimated to be 2 million.
- 3.2.128 The Transport Planning Manager explained that Hampshire County Council quote that the BRT's Eclipse route 1 and Eclipse route 2 combined carry over 65% more passengers than the two services they replaced, the 82 & 86. The Eclipse services are now carrying over 2 million passenger journeys per annum.
- 3.2.129 The mode shift figures (of up to 20%) are derived from around 2,000 passenger interviews undertaken on the buses before and after Eclipse started. One of the

questions asked was about how passengers used to travel before Eclipse began. Approximately 20% said that they drove, and therefore there is approximately a 20% mode shift. A further question was asked about whether people had access to a car for their journey and circa 20% said they could have travelled by car but chose the bus instead.

c) Parking permits.

Residents' Parking Zones.

3.3.1 The Assistant and the Director TEBS explained that The 36 zones cover 21% of residential roads and 12,839 residents' permits have been issued for 14,361 spaces. The first permit costs £30, the second £100, the third and subsequent permits £590. Third permits are only issued where there is space. There are eight zones where more permits have been issued than there are spaces. Over the next few years, the zones will be reviewed to ensure they operate in the most effective and efficient manner.

3.3.2 Zones are effective where parking issues are caused by external influences (non-residents) such as:

- Close proximity to a ferry port, other transport hub or hospital
- The high number of tourists, shoppers and other visitors
- Commuters (leaving vehicles whilst using nearby railways, bus exchanges etc.)
- Local employees (travelling to the area by private vehicle)
- Use of residential streets by vehicles associated with businesses (garage repairs, car sales etc.)

d) Parking of commercial vehicles in residential streets.

3.4.1 The Cabinet Member for Traffic & Transportation¹⁴ explained that the parking of commercial type vehicles in residential areas continues to be an issue.

3.4.2 In a letter to the panel, Portsmouth Water explained that four members of staff take their vehicles home overnight; three of which are car sized and one slightly longer. Those employees who park on city roads are on call in case of emergencies, such as dealing with burst water mains. They can normally control bursts and minimise consequential damage to properties from flood water within 40 minutes of the burst occurring. If they did not park at their homes, response times would increase by approximately 90 minutes with consequential impact on people and property. He feels that for this small group of workers it would be best to continue with on street parking. They regularly remind their staff to park carefully and with due consideration to neighbours and other road users.

3.4.3 The General Manager, Mountjoy explained that it provides a reactive building and maintenance service for 8,000 buildings and this includes an out of hours' emergency service.

3.4.4 160 engineers work on Portsea Island and fewer than 10% live on the island. Approximately 16 company vehicles are left overnight in the city. Staff provide the tools and use their vans to commute to work. In the last two years, there have been two out-of-hours' complaints about parking.

¹⁴ As at November 2016

3.4.5 Often drivers are not able to park outside or near to the properties that they are visiting and sometimes must carry their tools a considerable distance.

3.4.6 A review of the size of all the vehicles has been carried out and all are now the appropriate size and so require the least possible space when parking. Some of the fleet vehicles are hybrid.

3.4.7 The General Manager attends the quarterly meetings that the council holds with contractors.

3.4.8 All drivers are required to complete the Blue Lamp driving course. There are speed restrictions for all vehicles and on-board tracking.

3.4.9 The Business Manager, Colas and the Managing Director of Ensign explained that Colas provides a 24/7 service for Portsmouth. Call outs are attended within one hour.

3.4.10 In response to a letter from the Leader of the Council in 2016, Colas increased the number of vehicles that are kept in the depot overnight.

3.4.11 Winter maintenance vehicles have to be collected from the depot.

3.4.12 There are between 130 and 140 Colas vehicles. Approximately 27 vehicles are taken home by staff most evenings. Staff who drive the caged vehicles start at either 5, 6 or 7am. They collect other staff on their way to work:

- The Block Sweep team's four vehicles each pick-up 5 other members of staff.
- The Tidy Team each picks up two.
- The C Team each picks up two.
- The Dog Bin Team picks up one.

3.4.13 If the council asked for the number of vehicles that are taken home to be further reduced, the operational efficiency would be affected because people would have to travel to the yard before they start their shift. They would not be able to absorb the costs of doing this.

3.4.14 The Chair of Lime Grove Community Forum, Paulsgrove explained that commercial vehicles being parked in residential streets are a problem in her area.

3.4.15 The Assistant Director, Transport, Environment and Business Support, and the Parking Team Manager explained that residents in a RPZ can only get a permit for a commercial vehicle registered to a company, if it is the only vehicle at the property or if it is demonstrated that it is required for emergency call outs.

e) To investigate how effectively other local authorities deal with parking issues.

3.5.1 The Managing Director and General Manager First Group explained that in some other cities, there are no bus laybys; buses simply stop in the road to collect and drop off passengers.

London

- 3.5.2 The General Manager, Uber explained that in London Uber had launched UberPOOL, a service that lets riders share a vehicle with another passenger to get from A to B.
- 3.5.3 The Managing Director and General Manger First Group explained that the introduction of the congestion charge in London helped fund improvements to the transport system.
- 3.5.4 The Joint Acting Head of Parking and Network Operations at Brighton & Hove City Council added that most London boroughs have no waiting lists.

Brighton

- 3.5.5 The Director of TEBS explained that Brighton & Hove City Council maintains a waiting list for Resident Parking Zone permits for most of the city.
- 3.5.6 The Joint Acting Head of Parking and Network Operations at Brighton & Hove City Council provided the following information:

Residential Parking Zones

- 3.5.7 Half the city of Brighton is controlled by RPZs. Permits are issued for 110% of the spaces available and are only for vehicles up to 2.25m height and 6m long. There is a maximum of one permit per person and initially one per household. Once all households have a permit, applications for a second one are considered. Permits cost £135. There is a 50% discount for cars that have low emissions.
- 3.5.8 Waiting lists were introduced in Brighton in 2001. Five of the nineteen zones have waiting lists. It is hoped that this will be reduced to three soon by improving alternative modes of transport, the creation of car-free developments where residents would not be entitled to any parking permits and increasing the capacity of the city car clubs.
- 3.5.9 The smallest RPZ comprises approximately 300 households and the largest has 8,000 households. There is a higher turn around in larger areas. On average, three RPZs are created each year.

Public Transport.

- 3.5.10 Brighton has the highest bus use outside London. Free passes are issued to the elderly and people with disabilities and can be used from 09:30.

A Typical Street

- 3.5.11 Parking bays are continuous and do not have individually marked bays as these were not enforceable and most people park sensibly. One side of the road is for permit holders only; the other side is for both permit holders and people using pay & display. At one end of the street there is a parking area for motorbikes and at the other end one for bicycles.
- 3.5.12 The council reviews fees and charges every year based on occupancy rates. The aim is to maintain 85-90% occupancy in all streets so that the casual parker can find a space when needed. Some streets are 100% full. In these cases, it is recommended that the charges be increased to encourage a higher turnover of spaces which is better for traders.

3.5.13 The council is currently considering raising the price of permits when there is a long waiting list.

Outside Shops

3.5.14 Overall there are ten times as many shared bays as exclusive pay and display bays.

Echelon Parking

3.5.15 There is echelon parking on one side of many wide roads, into which drivers reverse and on the other side there is parallel parking.

Off Street Parking

3.5.16 Directing drivers to off street parking is a challenge. There are websites and apps which help you plan your journey.

3.5.17 A customer is required to submit applications to Colas to request a Vehicle Crossover and the associated Road Markings. The applications seek to identify the following:

Vehicle Crossover

- Ownership of the property (if the applicant is not the owner of the property, written permission is required from the owner before works can be considered);
- Location. Planning permission is required if the crossing opens onto a Classified Road;
- Type of vehicle using the access i.e. light (cars, vans etc..) or heavy duty (HGV);
- Any obstructions or obvious obstacles (street furniture, utility covers, trees);

Road markings

- Does the property have an existing purpose built pavement vehicle access? If not the application will be rejected.
- If an existing vehicle access exists is there a clear space to park a vehicle on your property? If not the application will be rejected.
- Are there existing double yellow lines at the proposed location? If not the application will be rejected.

This information is used by Colas to assess the initial application. A site visit will be conducted to review the request and a decision will be made based on this inspection after considering the following factors:

- Available Space
- Safety issues
- Gradient of footway/carriageway
- Street Trees
- Proximity to a Bus Stop
- Proximity to Controlled Crossing and School Zig-Zags
- Proximity to Controlled Crossings
- Presence of Grass Verges
- Presence of a garage
- Residents Parking Zones
- Street Furniture
- Existing vehicle crossovers

3.5.18 With regard to vehicles parking on the pavement the council can enforce where there are formal parking restrictions marked with signs and lines. The parking restrictions cover the carriageway and the footway. If there are no formal parking restrictions the police can take action if they consider the vehicle is causing an obstruction.

3.5.19 The government is looking at possible changes to legislation regarding parking on pavements. One option being considered is delegating power to local authorities to enforce the banning of parking on pavements. It is important to consider whether the roads would be obstructed if vehicles were moved off the pavements.

Electric Charging Points

3.5.20 There are charging points in every council car park and have been recently upgraded to 3-pin. These points are not in individual bays.

Students.

3.5.21 The council is working with the university to dissuade students from bringing cars with them. Their car must be registered at their house in Brighton to be eligible to apply for a parking permit.

Displacement

3.5.22 The council has been successful in preventing displacement of parking problems when a parking zone is introduced. When a majority of residents in an area request a parking zone, the potential impact on the wider area is considered. Residents in these neighbouring areas are offered a full scheme or a light touch scheme. In the latter, there is a mixed use of permit holders and people who use the pay & display meters all day except for 2 hours a day when it is for permit holders only. The times vary according to the area. The light touch schemes have become more and more popular, particularly in areas where there are fewer parking issues. The enforcement costs are the same as in a permit only full scheme.

Variable Message Signs

3.5.23 These are situated in the city centre and are based on historical data.

Online Parking Information.

3.5.24 Real time information is provided on parking availability

Car Parks.

3.5.25 Number plates are read automatically as the cars enter the car parks. If there is no record that a parking charge has been paid, a CEO would be dispatched to investigate.

Pay by Phone.

3.5.26 This was introduced in 2013 and as at March 2017 accounts for 50% of all transactions. The CEO checks that a parking charge has been paid using their hand held machine. Drivers can also pay by card, mobile and other methods. The aim is to reduce the number of payment machines that accept cash from 800 to 150.

Park & Ride

3.5.27 There is no Park & Ride service.

f) To identify and evaluate possible long-term solutions.

3.6.1 The suggestions that were proposed by witnesses during the course of the review are set out below:

3.6.2 Park & Ride.

- Extend the opening hours later in the evening.
- Open up a second service on the other side of the city.
- Permit usage by commercial vehicles overnight.
- Introduce a Park & Rail scheme with a car park at the station outside of the city.

3.6.3 Residential Parking Permits

- Limit permits to one per household for new developments.
- Introduce city-wide permits.

3.6.4 Require contractors to provide overnight parking for their vehicles.

3.6.5 Car parks

- Find more space for car parks.
- Permit parking from 7pm to 7am on weekdays on council land that is not being used.
- Ask schools to open up their car parks to the public from 7pm to 7am.
- Use the common for parking.
- Review the entire city's road space to ensure it is being used efficiently to permit as much parking as possible, with safety being the priority.

3.6.6 Permit the bus companies to use the council's minibuses.

3.6.7 Sustainable travel

- Promote sustainable travel.
- Make the alternatives to car travel more attractive.
- Implement a walking strategy.
- Investigate a tram network running along the main thoroughfares.
- Improve cycle routes.

3.6.8 Remove free parking on residential roads.

3.6.9 Introduce a Workplace Parking Levy.

3.6.10 Explore how local taxi and private hire can complement public transport on the outskirts of the city.

3.6.11 Situate dedicated pick-up and drop-off points at outlying bus stations to make 'first and last mile' connections easier.

3.6.12 Subsidise taxi and private hire operators to and from stations or Park & Ride sites.

3.6.13 Offer personalised budgets for door-to door transport, allowing people with disabilities or access needs to take advantage of innovative new services to travel easily and affordably around their city.

4. Conclusions

Based on the evidence and views it has received during the review process, the panel noted that:

1. The council wishes to maximise the provision of safe and convenient residential parking across the city, appropriate to the characteristics of the location.
2. Each area has its own parking needs and so parking solutions should be tailored according to these needs and take into consideration displacement parking.
3. Parking is a significant concern for many residents.
4. The number of parking spaces properties are expected to require as set out in the PSSPD are unrealistically low.
5. A high number of cars are owned by residents and this is expected to continue to rise.
6. The constrained road network is already showing signs of great stress in terms of volume of traffic. It cannot be expanded in response to increased demand.
7. If public transport was cheaper and more reliable, car ownership might decrease and air quality improve.
8. Some council-owned car parks in which permit holders can park have unused capacity.
9. The city needs to be attractive to visitors, some of whom will bring their cars.
10. The reported high numbers of commercial vehicles parked in residential areas overnight and students' cars remaining unmoved for months may be disproportionate to the actual situation.
11. Introducing a city-wide RPZ would be very challenging to achieve. Residents would need to be consulted.
12. When assessing new off-street vehicle cross-over applications, it is important that the wider impact on the road and the neighbourhood be taken into consideration.

Recommendations

- 1. This report be used to inform the redevelopment of the Local Transport Plan and Parking Supplementary Planning Document and Portsmouth Local Plan.**
- 2. The council do more to promote sustainable transport.**
- 3. The current piecemeal approach to RPZs be reconsidered with a view to introducing a city-wide strategy or alternatively remove all parking zones.**

Arrange meetings with:

4. **Businesses that have large fleets to explore ways to reduce the number of their vehicles that are parked overnight on residential roads and the outcome be reported to the Cabinet Member for Traffic & Transportation.**
5. **The bus companies to improve access to bus services and particularly regarding extending the bus route to pick up passengers from the Hayling Island ferry.**

The council to work with:

6. **Large companies/ supermarkets to discuss how the council could assist them to open up their carparks overnight to either residents or commercial vehicles and the outcome be reported to the Cabinet Member for Traffic & Transportation.**
7. **The University of Portsmouth to discuss a) them doing more to discourage students from bringing their cars, b) opening up their carparks to the public and c) making their Travel Plans more sustainable and the outcome be reported to the Cabinet Member for Traffic & Transportation.**

Review

8. **The council-owned carparks with a view to improving usage. This would cover signage, distance from shops, pedestrian access, safety etc.**

Investigate*.

9. **The introduction of car clubs.**
10. **The introduction of weight and dimensional restrictions for vehicles in residential areas.**
11. **The possible removal of limited-waiting areas in some areas.**
12. **The viability of a) extending the route, the opening hours and the capacity of the Park & Ride service and b) introducing a Park & Ride East and a Park & Ride Rail.**
13. **The introduction of a demand-responsive transport service.**
14. **The introduction of varying residents' parking permits charges for electric and hybrid vehicles where these are the first vehicle.**
15. **The off-street vehicle cross-over applications policy be reviewed so that the wider impact can be taken into consideration.**

** Officers to report back by the end of the municipal year.*

8. Recommendations and Budget and Policy Implications

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

Recommendation	Action By	Budget & Policy Framework	Resource Implications
1. This report be used to inform the redevelopment of the Local Transport Plan and Parking Supplementary Planning Document and Portsmouth Local Plan.	The Assistant Director of City Development, Regeneration The Assistant Director of Transport, Regeneration	Within the existing policy framework.	None
2 The council do more to promote sustainable transport.	The Assistant Director of Transport, Regeneration	Within the existing policy framework.	None
3 The current piecemeal approach to RPZs be reconsidered with a view to introducing a city-wide strategy or alternatively remove all parking zones	Transport Planning Manager	Review of parking strategy through the LTP redevelopment	None
<u>Arrange meetings with:</u>			
4 Businesses that have large fleets to explore ways to reduce the number of their vehicles that are parked overnight on residential roads and the outcome be reported to the Cabinet Member for Traffic & Transportation.	Safer Travel Manager	Within the existing policy framework.	None

Recommendation	Action By	Budget & Policy Framework	Resource Implications
5 The bus companies to improve access to bus services and particularly regarding extending the bus route to pick up passengers from the Hayling Island ferry.	Transport Planning Manager	Within the existing policy framework, and LTP Implementation Plan - access for people.	None
<u>The council to work with:</u>			
6 Large companies/ supermarkets to discuss how the council could assist them to open up their carparks overnight to either residents or commercial vehicles and the outcome be reported to the Cabinet Member for Traffic & Transportation.	Parking Manager	Review of parking strategy through the LTP redevelopment	None
7 The University of Portsmouth to discuss a) them doing more to discourage students from bringing their cars, b) opening up their carparks to the public and c) making their Travel Plans more sustainable and the outcome be reported to the Cabinet Member for Traffic & Transportation.	Transport Planning Manager	Within the existing policy and budget framework	None
<u>Review</u>			
8 The council-owned carparks with a view to improving usage. This would cover signage, distance from shops, pedestrian access, safety etc.	Parking Manager	Review of parking strategy through the LTP redevelopment	None
<u>Investigate</u> ¹⁵			
9 The introduction of car clubs.	Transport Planning Manager	A review of car clubs will be undertaken through the LTP redevelopment	

¹⁵ * Officers to report back by the end of the municipal year.

Recommendation	Action By	Budget & Policy Framework	Resource Implications
10 The introduction of weight and dimensional restrictions for vehicles in residential areas.	Traffic & Network Manager	Within the existing policy framework.	None
11 The possible removal of limited-waiting areas in some areas.	Parking Manager	Within the existing policy framework.	None
12 The viability of a) extending the route, the opening hours and the capacity of the Park & Ride service and b) introducing a Park & Ride East and a Park & Ride Rail.	Transport Planning Manager	A policy review of Park & Ride in Portsmouth needs to be undertaken, along with budget implications	None
13 The introduction of a demand-responsive transport service.	Transport Planning Manager	A policy review of demand-responsive transport is to be undertaken, along with budget implications	Yes - if a demand-responsive transport service is progressed with
14 The introduction of varying residents' parking permits charges for electric and hybrid vehicles where these are the first vehicle.	Transport Planning Manager	A policy review of residents' parking permit charges will be required, along with a budget review	None
15 The off-street vehicle cross-over applications policy be reviewed so that the wider impact can be taken into consideration.	Safer Travel Manager	There is no capital budget required for this work because under Section 184 of the Highways Act 1980 all costs related to dropped kerbs are the financial responsibility of the property owner applying.	None

9. Legal Comments

- 9.1 The city council is the local transport authority (LTA) and is also both the local highway and traffic authorities (LHA) for the city of Portsmouth. It also has civic parking enforcement powers within its Special Enforcement Area. The city of Portsmouth, excluding trunk roads, has been designated as a SEA under the Road Traffic (Permitted Parking Area and Special Parking Area (City of Portsmouth) Order 1990, and paragraph 3(5), Schedule 10 of the Traffic Management Act 2004.
- 9.2 Under the Transport Act 2000 (as amended by the Local Transport Act 2008) each LTA must develop policies for the promotion and encouragement of safe, integrated, efficient and economic transport to, from and within its area. The LTA is required to take into account any central government policy and any guidance issued by the Secretary of State with respect to the mitigation of, or adaption to, climate change or with respect to the protection or improvement of the environment.
- 9.3 Each LTA must prepare a document containing such policies together with a plan for their implementation. In considering this duty authorities should bear in mind that patterns of transport use are not necessarily restricted by local authority boundaries.
- 9.4 Furthermore it is also the duty of a LHA to manage their road network with a view to achieving, so far as may be reasonably practicable having regard to their other obligations, policies and objectives, the following objectives:
- (a) securing the expeditious movement of traffic on the authority's road network; and
 - (b) facilitating the expeditious movement of traffic on road networks for which another authority is the traffic authority.
- 9.5 LHAs have a duty to take account of the needs of all road users, take action to minimise, prevent or deal with congestion problems, and consider the implications of decisions for both their network and those of others.
- 9.6 Traffic regulation orders can be made for a number of reasons, including avoiding danger to persons or other traffic using the road or for preventing the likelihood of such danger arising, for preventing damage to the road or any building on or near the road, for facilitating the passage on the road of traffic (including pedestrians) or preserving or improving the amenities of the area through which the road runs.
- 9.7 Under sections 32 to 35 of the Road Traffic Regulation Act 1984 LHAs may provide off-street parking places and may by order make provisions as to the conditions on which it may be used, and any charges which are to apply, including the provision of Pay & Display facilities, and the times and days on which such restrictions and/or charges are to apply.

- 9.8 A LHA can by order under section 45 of the Road Traffic Regulation 1984 designate parking places on the highway for vehicles, or vehicles of any specified class, in the order, and may charge for such parking as prescribed under s.46. Such orders may designate a parking place for use only by such person or vehicles or such person or vehicles of a class specified in the order or for a specific period or time by all persons or persons or vehicles of a particular class.
- 9.9 In determining what places can be so designated the council is required to consider both the interests of traffic and those of the owners and occupiers of adjoining property and in particular shall have regard to:
- (a) The need for maintaining the free flow of traffic
 - (b) The need for maintaining reasonable access to premises and
 - (c) The extent to which off-street parking accommodation is available in the neighbourhood
- 9.10 Guidelines issued by the government provide that the setting of charges for parking on-street or off-street in designated areas is a matter for the authority. It states that authorities should review charges periodically and take account of their effectiveness in meeting policy objectives. The Secretary of State recommends that authorities set charges at levels which are consistent with the aims of the authority's transport strategy.

10. Finance Comments

- 10.1 It is unlikely that all the recommendations within this report can be funded from existing cash limits. The recommendations cover both Capital and Revenue initiatives.
- 10.2 A detailed financial appraisal as to the initial cost, ongoing revenue commitment and the source of funding will need to be carried out for each recommendation. Currently the report has insufficient information in order for an appraisal to be carried out at this time.

11. Equality Impact Assessment.

- 11.1 A preliminary equality impact (EIA) assessment was completed.
- 11.2 A full EIA is not required as no specific information regarding protected characteristics was gathered and the scrutiny panel's role is to make recommendations to the Cabinet. If the Cabinet decides to implement the recommendations, individual preliminary EIAs would be carried out.

Formal Meetings Held by the Panel

DATE	WITNESSES	DOCUMENTS RECEIVED
28 September 2016	<p>Pam Turton, Assistant Director of Transport, Environment & Business Support.</p> <p>Alan Cufley, Director of Transport, Environment & Business Support.</p>	<p>Scoping document for the review.</p> <p>Presentation covering the parking strategy, on & off street parking, park & ride and enforcement.</p> <p>Extract from the Parking Standards Supplementary Planning Document showing the number of parking spaces different size and type of properties are expected to require.</p>
3 November 2016	<p>Councillor Jim Fleming, Cabinet Member for Traffic & Transportation.</p> <p>Claire Upton-Brown, Assistant Director of Culture & City Development.</p>	<p>Further information that had been requested:</p> <ul style="list-style-type: none"> • 2015 Portsmouth population figures. • Park & Ride financial breakdown. • Southsea Common usage as a carpark. • Journeys within Portsmouth. • Expected increase in traffic figures. • Parking controls in place during match days in the Fratton Park area. • Gunwharf Quays parking occupancy rates. • The number of RPZs where space allows for third permits. • Travel to work methods. • The number of council car parks sold in the last 5 years.
8 December 2016	<p>Edward Hodgson, Managing Director, Stagecoach South</p> <p>Marc Reddy, Managing Director, First Group</p> <p>Dervla McKay, General Manager, First Group</p> <p>Tony Jefferson, Manager, Citywide</p> <p>Viv Young, representing the hackney carriage trade.</p>	

DATE	WITNESSES	DOCUMENTS RECEIVED
16 January 2017	<p>Fred Jones, General Manager, Uber.</p> <p>Michael Robinson, Parking Operations Manager.</p> <p>Paul Deluchi, General Manager, Mountjoy Ltd.</p> <p>Tanya Hayes, Director of Maintenance, Mountjoy Ltd.</p>	<p>Uber submission.</p> <p>Supplementary information from Mr Davenport regarding some London parking schemes.</p> <p>Information from David Baynes.</p>
13 February 2017	<p>Fiona Bell, Director of Estates & Campus Services, University of Portsmouth</p> <p>Ian Saunders, Acting Chair, Portsmouth Cycle Forum</p> <p>Ray Muscat, Business Unit Manager, Colas</p> <p>Eric Brangier, Ensign Managing Director</p> <p>Bruce Hall, General Manager, Aqua</p>	<p>Friends of Old Portsmouth presentation.</p> <p>Letter from Portsmouth Water.</p> <p>Car ownership in Portsmouth from 2007 - 2017.</p> <p>Information from David Lycett, Portsmouth resident.</p> <p>A City to Share cycling strategy from Portsmouth Cycle Forum.</p>
20 March 2017	<p>Rachel Hudson, Co-ordinator for Portsmouth Friends of the Earth</p> <p>Paul Nicholls, Joint Acting Head of Parking and Network Operations at Brighton & Hove City Council</p> <p>Charles Burns, Secretary Portsmouth & S East Hampshire, Federation of Small Businesses</p>	<p>Further information requested:</p> <ul style="list-style-type: none"> • Marking individual bays in residential streets. • Echelon parking. • ANPR. • Zig-zag lines outside schools. • The council's fleet and fleet services. • Diesel Charge in Westminster - Portsmouth News article. • PFOE discussion paper: Towards a Walking Strategy for Portsmouth. • PFOE report: Walking in Portsmouth. • Federation of Small Businesses' website page.
12 June - 15 July 2017	<p>A residents' survey was conducted.</p>	

DATE	WITNESSES	DOCUMENTS RECEIVED
25 July 2017	A focus group was held.	
20 September 2017	Karen Nash and Steve Bonner, Portsmouth Pensioners Pam Turton, Assistant Director of Transport, Environment & Business Support	National Highways and Transport MORI Poll responses Report: Results from the Focus Group.
27 December 2017 - 22 January 2018	A residents' survey was conducted.	
22 June 2018	Councillor Lynne Stagg, Cabinet Member for Traffic & Transportation Lee Todd, Communications Manager Mark Thewlis, Market Research Officer Pam Turton, Assistant Director of Transport, Environment & Business Support	Analysis of the survey responses.
22 January 2019	Pam Turton, Assistant Director of Transport, Environment & Business Support	Further information requested by the panel at the previous meeting.
8 February 2019	None	The panel signed off the report.

Agenda Item 11

Treasury Management Policy Report 2019/20



Title of meeting:	Governance and Audit and Standards Committee Cabinet City Council
Date of meeting:	8 March 2019 (Governance and Audit and Standards Committee) 12 March 2019 (Cabinet) 19 March 2019 (City Council)
Subject:	Treasury Management Policy 2019/20
Report by:	Chris Ward, Director of Finance and Information Technology (Section 151 Officer)
Wards affected:	All
Key decision:	Yes
Full Council decision:	Yes

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 and investing surplus cash for 2019/20.

The Treasury Management Policy for 2019/20 differs from previous years in order to reflect revised Government guidance on investments and the revised Prudential Code produced by the Chartered Institute of Public Finance and Accountancy (CIPFA).

The revised Prudential Code requires the City Council to approve a Capital Strategy providing an overview of the Council's plans for capital expenditure, its borrowing and its investments. Some aspects of the Council's financial management that were previously approved as part of the Treasury Management Policy, including risk appetite and minimum revenue provision (MRP) for debt repayments, will now be considered by the Cabinet and City Council as part of the Capital Strategy.

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.

Annual Investment Strategy

The Treasury Management Policy includes the strategy for the investment of surplus cash, known as the Annual Investment Strategy, which establishes the types of investment, investment counter parties and investment durations that the Council will operate within.

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

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 the Annual Investment Strategy.

3. Recommendations

- 3.1a that the treasury management indicators contained in Appendix D be approved;**
- 3.1b that the attached Treasury Management Policy Statement including the Treasury Management Strategy, and Annual Investment Strategy for 2019/20 be approved;**
- 3.1c that the following changes compared to the previous Annual Investment Strategy be noted:**
 - (i) That a new category of non-specified investments be added to permit investment in pooled investment vehicles including equity funds, property funds, supply chain finance funds and multi asset funds with a limit of £50m per fund**
 - (ii) That the maximum limit of an investment in a subsidiary company be increased from £20m to £30m**

- 3.1d 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 £737m approved by the City Council on 12 February 2019;**
 - (iii) reschedule debt in order to even the maturity profile or to achieve revenue savings;**
 - (iv) 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.**
- 3.1e 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)**

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 2019 are estimated to be £619m. The Council's investments at 1 April 2019 are estimated to be £326m. 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 £24.8m 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 Investment Strategy before the start of the financial year.

The Treasury Management Strategy, 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

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 3.1a**).

Recommendation 3.1(b) seeks the Council's approval to adopt the Treasury Management Policy Statement for 2019/20.

Recommendation 3.1(c)(i) seeks to allow a new category of non-specified investments to encompass pooled investment vehicles including equity funds, property funds, supply chain finance funds and multi asset funds. The Council is likely to have substantial cash balances in the medium term and these investment vehicles have the potential to generate returns in excess of inflation, and thus maintain the value of the principal invested in real terms. These investment vehicles often have entry and exit fees and are subject to cyclical changes in capital value. Therefore these investment vehicles are only suitable for cash which will be held at least into the medium term.

Recommendation 3.1(c)(ii) seeks to increase the maximum sum that can be invested in a subsidiary company from £20m to £30m to facilitate the establishment of a subsidiary company to develop housing in the greater Portsmouth area on a commercial basis.

Recommendation 3.1(d) 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(e) seeks the Councils approval for the proposed actions to report any variances from the Treasury Management Policy.

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 2019/20

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
1 Information pertaining to the Treasury Management Strategy	Financial Services

TREASURY MANAGEMENT POLICY STATEMENT INCLUDING:

- **TREASURY MANAGEMENT STRATEGY**
- **ANNUAL INVESTMENT STRATEGY 2019/20**

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

TREASURY MANAGEMENT POLICY STATEMENT 2018/19

Section	CONTENTS	Page No.
1	Background	3
2	Reporting Arrangements	4
3	Capital Expenditure, Borrowing Limits and the Prudential Code	6
4	Treasury Management Policy Statement	11
5	Treasury Management Strategy for 2019/20	12
6	Approved Methods of Raising Capital Finance	22
7	Approved Sources of Borrowing	22
8	Apportionment of Borrowing Costs to the Housing Revenue Account (HRA)	24
9	Annual Investment Strategy for 2019/20	24
10	Investment Consultants	26
11	Specified Investments	26
12	Non-Specified Investments	33
13	Maximum Level of Investment in Individual Organisations	39
14	Liquidity of Investments	41
15	Investment of Money Borrowed in Advance of Need	41
16	Training of Investment Staff	42
17	Delegated Powers	42
18	Treasury Systems and Documentation	42
	Appendix A Risk Appetite Statements	
	Appendix B Background Information and Risks to Interest Rate Forecasts	
	Appendix C Debt Maturity Pattern	
	Appendix D Treasury Management Indicators	
	Appendix E Definition of Long Term Credit Ratings	
	Appendix F Institutions meeting investment criteria	

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 REPORTING ARRANGEMENTS

2.1 General Background

The Council has a duty to prepare 3 interrelated but distinct strategies as follows:

- Capital Strategy - covering future capital expenditure, and its implications for borrowing, providing for the repayment of debt and investing
- Treasury Management Strategy - covering how borrowing and investments are to be organised and setting boundaries within which these activities will be undertaken
- Annual Investment Strategy - covering the types of cash investments that the Council may enter into including limits on activity

This Treasury Management Policy deals with the Treasury Management Strategy and the Annual Investment Strategy. The Capital Strategy will be reported separately.

2.2 Capital Strategy

The Chartered Institute of Public Finance and Accountancy (CIPFA) revised 2017 Prudential and Treasury Management Codes require, for 2019-20, all local authorities to prepare an additional report, a capital strategy report providing a high-level long term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services, and an overview of how the associated risk is managed

The aim of this capital strategy is to ensure that all elected members on the full council fully understand the overall long-term policy objectives and resulting capital strategy requirements, governance procedures and risk appetite.

This Capital Strategy is reported separately from the Treasury Management Strategy Statement; non-treasury investments will be reported through the former. This ensures the separation of the core treasury function under security, liquidity and yield principles, and the policy and commercialism investments usually driven by expenditure on an asset. The capital strategy will show:

- The corporate governance arrangements for these types of activities;
- The expected income, costs and resulting contribution;
- The debt related to the activity and the associated interest costs;
- The payback period (minimum revenue provision (MRP) policy for debt repayment);
- The risks associated with each activity (see Appendix A)

If any non-treasury investment sustains a loss in a financial year, the strategy and revenue implications will be reported through the same procedure as the capital strategy.

2.2 Treasury Management Strategy

The Council is currently required to receive and approve, as a minimum, three main treasury reports each year, which incorporate a variety of policies, estimates and actuals.

- a. **Treasury management policy statement** (this report) - The first, and most important report is forward looking and covers:
 - the treasury management strategy, (how the investments and borrowings are to be organised), including treasury indicators; and
 - an investment strategy, (the parameters on how investments are to be managed).

- b. **A mid-year treasury management report** – This is primarily a progress report and will update members on the current position, amending prudential indicators and policies as necessary.

- c. **An annual treasury management outturn report** – This is a backward looking review document and provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

Scrutiny

The above reports are required to be adequately scrutinised before being recommended to the Council. This role is undertaken by the Governance and Audit and Standards Committee. The Governance and Audit and Standards Committee also receives quarterly treasury management monitoring reports.

3 CAPITAL EXPENDITURE, BORROWING LIMITS AND THE PRUDENTIAL CODE

3.1 Capital Expenditure

The capital programme approved by the City Council on 12th February 2019 can be summarised in table A as follows:

Table A	2017/18 Actual	2018/19 Revised Estimate	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate
	£m	£m	£m	£m	£m	£m	£m
Investment Properties	13	32	23	-	-	-	-
Other Non - Housing Revenue Account (HRA)	71	100	169	123	29	23	18
Sub - Total	84	132	192	123	29	23	18
Housing Revenue Account (HRA)	38	35	33	33	28	30	32
Total	122	167	225	156	57	53	50
Element financed from borrowing	53	66	53	28	9	2	-

Capital expenditure on commercial activities / non-financial investments including investment properties is entirely financed from borrowing.

3.2 Borrowing Limits

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 12th February 2019.

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	675
Other Long Term Credit Liabilities	<u>62</u>
	<u>737</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	645
Other Long Term Credit Liabilities	<u>62</u>
	<u>707</u>

3.3 Ratio of Financing Costs to Net Revenue Stream

Financing costs are largely fixed. Therefore the higher the ratio of financing costs to net revenue stream, the less flexibility there is to amend the Council's overall budgets.

Table B	2017/18 Actual	2018/19 Revised Estimate	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate
Non - Housing Revenue Account (HRA)	12.4%	10.9%	12.3%	14.1%	15.1%	14.7%	13.4%
Housing Revenue Account (HRA)	7.2%	7.2%	7.6%	7.5%	7.3%	7.0%	6.7%

The ratio of financing costs to net revenue stream for non-Housing Revenue Account (HRA) activity includes Investment Properties that have the following ratios representing the proportion of income from the investment properties that is required to cover the associated debt financing costs.

Table C	2017/18 Actual	2018/19 Revised Estimate	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate
Investment Properties	34.1%	34.8%	34.8%	33.2%	33.2%	33.2%	33.2%

3.4 The Council's Underlying Borrowing Need (Capital Financing Requirement)

The capital financing requirement (CFR) is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's indebtedness and so its underlying borrowing need. Any capital expenditure above, which has not immediately been paid for through a revenue or capital resource, will increase the CFR.

The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge which broadly reduces the indebtedness in line with each assets life, and so charges the economic consumption of capital assets as they are used.

Treasury Management Policy 2019/20

The CFR includes any other long-term liabilities (e.g. PFI schemes, finance leases). Whilst these increase the CFR, and therefore the Council's borrowing requirement, these types of scheme include a borrowing facility by the PFI lease provider and so the Council is not required to separately borrow for these schemes. The Council currently has £68m of such schemes within the CFR.

Table D	2017/18 £m	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m
Commercial activities / non-financial investments including investment properties	117	149	172	172	172	172	172
Non - Housing Revenue Account (HRA)	291	314	333	352	356	353	350
Sub - Total	408	463	505	524	528	525	522
Housing Revenue Account (HRA)	167	174	180	183	180	177	174
Total Capital Financing Requirement (CFR)	575	637	685	707	708	702	696
Movement	48	62	48	22	1	(6)	(6)

The movement in the CFR is analysed in the table below.

Table E	2017/18 £m	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m
Capital expenditure financed by borrowing from table above	53	66	53	28	9	2	-
Less Minimum revenue provision (MRP)	(5)	(4)	(5)	(6)	(8)	(8)	(6)
Movement in CFR	48	62	48	22	1	(6)	(6)

3.5 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.

Table F	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
	£m	£m	£m	£m	£m	£m
Borrowing	553	544	536	528	520	512
Finance leases	1	1	1	1	1	1
Service Concessions (including Private Finance Initiative schemes)	65	62	56	50	45	42
Total Gross debt	619	607	593	579	566	555
Capital Financing Requirement (CFR):						
Opening CFR in 2018/19	575					
Change in CFR in 2018/19	62					
Closing CFR in 2018/19	637					
Cumulative increase in CFR in future years		48	70	71	71	71
Closing CFR	637	685	707	708	708	708
Borrowing Under / (Over) the CFR	18	78	114	129	142	153

The Council's gross debt exceeded its estimated CFR, ie. it was over borrowed, in 2017/18 by £55m. 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 £66m of capital expenditure from borrowing in 2018/19 including the purchase of £32m of commercial property. This should leave the Council under borrowed by £18m at the end of 2018/19.

4 TREASURY MANAGEMENT POLICY STATEMENT

4.1 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.

4.2 It is recommended that the Director of Finance and Information Technology (Section 151 Officer) and officers nominated by him have delegated authority to **(recommendation 3.1c)**:

- (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 £737m approved by the City Council on 12 February 2019;
- (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.

5 TREASURY MANAGEMENT STRATEGY FOR 2019/20

5.1 Objectives

The budget for net interest and debt repayment costs for 2019/20 is £24.8m. The Treasury Management policy will therefore form a cornerstone of the Medium Term Resource Strategy.

Risk appetite statements are contained in the Capital Strategy. Lending and Borrowing will be undertaken in line with these risk appetite statements which are reproduced in Appendix A.

Specific objectives to be achieved in 2019/20 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)
- To make returns in excess of inflation on the Council's long term core cash
- To maintain £10m in instant access accounts
- To make funds available to Council's subsidiaries
- To make funds available for the provision of housing in the greater Portsmouth area on a commercial basis
- To make funds available for the regeneration of Hampshire on a commercial basis
- 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.

5.2 Gross and Net Debt

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

Table G	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
	£m	£m	£m	£m	£m	£m	£m
Gross Debt at 31 March*	561	553	544	536	528	520	512
Investments at 31 March	(419)	(326)	(255)	(194)	(137)	(49)	(23)
Estimated Net Debt	142	227	289	342	391	471	489

* The gross debt shown above includes the following amounts relating to commercial activities / non-financial investments:

Table H	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
External debt for Investment Properties							
Gross Debt at 31 March	£117m	£149m	£172m	£172m	£172m	£172m	£172m
Percentage of total external debt	21%	27%	32%	32%	33%	33%	34%

5.2.2 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 2019/20 as funds are used to invest in commercial properties and other capital schemes.

5.3 Interest Rates

5.3.1 Interest Rate Forecasts

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.

Table I

Link Asset Services Interest Rate View													
	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22
Bank Rate View	0.75%	0.75%	1.00%	1.00%	1.00%	1.25%	1.25%	1.25%	1.50%	1.50%	1.75%	1.75%	2.00%
3 Month LIBID	0.70%	0.80%	1.00%	1.10%	1.20%	1.40%	1.50%	1.50%	1.60%	1.70%	1.80%	1.90%	2.00%
6 Month LIBID	0.80%	0.90%	1.20%	1.30%	1.40%	1.50%	1.60%	1.70%	1.80%	1.90%	2.00%	2.10%	2.20%
12 Month LIBID	1.00%	1.10%	1.40%	1.50%	1.60%	1.70%	1.80%	1.90%	2.00%	2.10%	2.20%	2.30%	2.40%
5yr PWLB Rate	1.80%	1.90%	2.00%	2.10%	2.20%	2.30%	2.30%	2.40%	2.50%	2.50%	2.60%	2.60%	2.70%
10yr PWLB Rate	2.20%	2.30%	2.40%	2.50%	2.60%	2.60%	2.70%	2.80%	2.90%	2.90%	3.00%	3.00%	3.00%
25yr PWLB Rate	2.70%	2.80%	2.90%	3.00%	3.10%	3.20%	3.20%	3.30%	3.40%	3.40%	3.50%	3.50%	3.60%
50yr PWLB Rate	2.50%	2.60%	2.70%	2.80%	2.90%	3.00%	3.00%	3.10%	3.20%	3.20%	3.30%	3.30%	3.40%

2018 was a year which started with weak growth of only +0.1% in quarter 1. However, quarter 2 rebounded to +0.4% followed by quarter 3 being exceptionally strong at +0.6%. Quarter 4 though, was depressed by the cumulative weight of Brexit uncertainty and came in at only +0.2%. Growth is likely to continue being weak until the Brexit issues are resolved.

The above forecasts are based on a major assumption that Parliament and the EU agree an orderly Brexit, either by 29 March or soon after. At their 7 February meeting, the Monetary Policy Committee (MPC) of the Bank of England repeated their well-worn phrase that future Bank Rate increases would be gradual and would rise to a much lower equilibrium rate, (where monetary policy is neither expansionary or contractionary), than before the financial crash; indeed they have given a figure for this of around 2.5% in ten years' time but have declined to give a medium term forecast. However, with so much uncertainty around Brexit, the next move could be up or down, even if there was a disorderly Brexit. While it would be expected that Bank Rate could be cut if there was a significant fall in GDP growth as a result of a disorderly Brexit, so as to provide a stimulus to growth, they could also *raise* Bank Rate in the same scenario if there was a boost to inflation from increases in import prices, devaluation of sterling, and more expensive goods produced in the UK replacing cheaper goods previously imported, and so on. In addition, the Chancellor could provide fiscal stimulus to boost growth.

The overall longer run future trend is for gilt yields, and consequently PWLB rates, to rise, albeit gently. However, over about the last 25 years, we have been through a period of falling bond yields as inflation subsided to, and then stabilised at, much lower levels than before, and supported by central banks implementing substantial quantitative easing purchases of government and other debt after the financial crash of 2008. Quantitative easing, conversely, also caused a rise in equity values as investors searched for higher returns and purchased riskier assets. In 2016, we saw the start of a reversal of this trend with a sharp rise in bond yields after the US Presidential election in November 2016, with yields then rising further as a result of the big increase in the US government deficit aimed at stimulating even stronger economic growth. That policy change also created concerns around a significant rise in inflationary pressures in an economy which was already running at remarkably low levels of unemployment. Unsurprisingly, the Federal Reserve has continued on its series of robust responses to combat its perception of rising inflationary pressures by repeatedly increasing the Fed rate to reach 2.25 – 2.50% in December 2018. It has also continued its policy of not fully reinvesting proceeds from bonds that it holds as a result of quantitative easing, when they mature. We have, therefore, seen US 10 year bond Treasury yields rise above 3.2% during October 2018 and also seen investors causing a sharp fall in equity prices as they sold out of holding riskier assets. However, US 10 year bond yields have subsequently fallen back on fears that the Federal Reserve could be too aggressive in raising interest rates and was going to cause a recession. More recent comments by the Federal Reserve have indicated that the chances of more than one further increase after the December increase have considerably diminished and that there is some doubt around even one more increase. Equity prices have been very volatile on alternating good and bad news over this period.

Rising bond yields in the US have also caused some upward pressure on bond yields in the UK and other developed economies. However, the degree of that upward pressure has been dampened by how strong or weak the prospects for economic growth and rising inflation are in each country, and on the degree of progress towards the reversal of monetary policy away from quantitative easing and other credit stimulus measures.

From time to time, gilt yields, and therefore Public Works Loans Board (PWLB) rates, can be subject to exceptional levels of volatility due to geopolitical, sovereign debt crisis, emerging market developments and sharp changes in investor sentiment. 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. Geopolitical developments, especially in the EU, could also have a major impact. Forecasts for investment earnings beyond the three-year time horizon will be heavily dependent on economic and political developments.

Further background information and risks to the interest rate forecasts are contained in Appendix B.

5.3.2 Borrowing Rates

Borrowing interest rates have been volatile so far in 2018/19 and while they were on a rising trend during the first half of the year, they have fallen significantly since then.

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

5.3.3 Borrowing Strategy

The Council has established a net borrowing requirement in its capital strategy. This is the Council's underlying need to borrow as measured by its Capital Financing Requirement (CFR) less its cash back reserves which could be used to internally fund capital expenditure financed from borrowing for a limited period. This is considered to represent a neutral treasury management position and is shown below.

<u>Table J</u>	2018/19	2019/20	2020/21	2021/22
	£m	£m	£m	£m
Net Loans Requirement	293	403	515	573
Borrowing (excluding finance leases, PFI schemes & transferred debt)	552	544	536	527
Amount of Borrowing (Over) / Under Net Loans Requirement	(259)	(141)	(21)	46

The Council may undertake borrowing in 2019/20 in order to full fill its net loans requirement in future years, but borrowing is not expected to exceed the CFR. This is particularly likely if it was felt that there was a significant risk of a much sharper rise in long and short term rates than that currently forecast, perhaps arising from an acceleration in the rate of increase in central rates in the USA and UK, an increase in world economic activity, or a sudden increase in inflation risks. Regard would also be given to the possibility that interest rates may not increase as forecast in the longer term.

Any decisions will be reported to the appropriate decision making body at the next available opportunity.

5.3.3 Investment Rates

Investment returns are likely to remain low during 2019/20 but are expected to be on a gently rising trend over the next few years.

5.4 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 4.3. 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 £147m 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 £0.7m below budget in 2019/20. 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 £0.7m in 2019/20.

5.5 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. 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 £75m. 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:

31/3/2019 = £264m

31/3/2020 = £205m

31/3/2021 = £144m

31/3/2022 = £117m

5.6 Limits for the maturity structure of borrowing

The Government has issued guidance on making provision for the repayment of General Fund debt 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.

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

85% of the Council's borrowing is fixed rate with the remaining 15% borrowed at variable rates. 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.

Table K	Weighted Average Interest Rate	Loan Debt Maturity 31 March 2019	Underlying Loans Minimum Revenue Provision (MRP)	% By Which Loan Debt Maturity is Over / (Under) Loans MRP	Lower limit	Upper limit
Under 12 months	3.24%	1%	1%	0%	0%	10%
12 months and within 24 months	3.24%	1%	2%	(1%)	0%	10%
24 months and within 5 years	3.24%	4%	8%	(4%)	0%	10%
5 years and within 10 years	3.22%	7%	13%	(6%)	0%	20%
10 years and within 20 years	3.25%	24%	27%	(3%)	0%	30%
20 years and within 30 years	3.75%	7%	27%	(20%)	0%	30%
30 years and within 40 years	4.48%	31%	22%	9%	0%	40%
40 years and within 50 years	3.32%	25%	0%	25%	0%	40%

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

Table L	Weighted Average Interest Rate	Loan Debt Maturity 31 March 2019	Underlying Loans Minimum Revenue Provision (MRP)	% By Which Loan Debt Maturity is Over / (Under) Loans MRP	Lower limit	Upper limit
Under 12 months	1.05%	2%	1%	1%	0%	10%
12 months and within 24 months	1.05%	2%	2%	0%	0%	10%
24 months and within 5 years	1.05%	6%	8%	(2%)	0%	10%
5 years and within 10 years	1.05%	10%	13%	(3%)	0%	20%
10 years and within 20 years	1.05%	22%	27%	(5%)	0%	30%
20 years and within 30 years	1.05%	23%	27%	(4%)	0%	30%
30 years and within 40 years	1.05%	21%	22%	(1%)	0%	30%
40 years and within 50 years	4.65%	14%	0%	14%	0%	30%

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

5.7 Debt Rescheduling

- 5.7.1 Most of the City Council's long term external debt has been borrowed at fixed interest rates ranging from 1.97% to 5.01%. 56% 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.
- 5.7.2 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.
- 5.7.3 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.
- 4.7.4 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.

5.8 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 3.1a**)

6 APPROVED METHODS OF RAISING CAPITAL FINANCE

6.1 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

6.2 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.

6.3 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.

7 APPROVED SOURCES OF BORROWING

7.1 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 2019/20 of £737m set by the City Council on 12 February 2019 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 2019/20 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.

8. APPORTIONMENT OF BORROWING COSTS TO THE HOUSING REVENUE ACCOUNT (HRA)

8.1 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.

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 activities will also take account of the risk appetite statement contained in the Capital Strategy approved by the Cabinet and City Council (reproduced in Appendix A).
- 9.5 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.
- 9.6 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.
- 9.7 Investments will be made with reference to the core balance and cash flow requirements and the outlook for short and medium term interest rates (i.e. rates for investments up to 6 years). Greater returns are usually obtainable by investing for longer periods. While most cash balances are required in order to manage the ups and downs of cash flow, where cash sums can be identified that could be invested for longer periods, the value to be obtained from longer term investments will be carefully assessed. As a general rule:
- If it is thought that Bank Rate is likely to rise significantly within the time horizon being considered, then consideration will be given to keeping most investments as being short term or variable.
 - Conversely, if it is thought that Bank Rate is likely to fall within that time period, consideration will be given to locking in higher rates currently obtainable, for longer periods.
- 9.8 The Council is forecast to have at least £87m of core surplus cash after internal borrowing has been taken into account until 2021/22. The Council must be mindful that some of this principal could be lost in real terms if investment returns do not exceed inflation. It is proposed that this cash be placed in long term investments that carry greater risk than the Council's shorter term investments.

- 9.9 The Council may invest these sums in:
- subsidiary companies;
 - companies that support the local economy such as Hampshire Community Bnk;
 - pooled investment vehicles such as corporate bond funds, equity funds, property funds, and multi asset funds
- 9.10 Some of these funds may be externally managed.
- 9.11 The Council may also invest in lower risk structured investment products that follow financial markets, such as 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.
- 9.12 The Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting requires movements in the market value of pooled investments and some structured investment products to be charged to General Fund balances. The Government has made regulations to mitigate the effect of movements in the market value of pooled investments for at least five years, but there are no mitigating regulations for movements in the market value of structured products. This means that there will be less money to fund the Council's services in the event of the market value of some structured investments diminishing.

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 and have a maximum duration of 365 days. 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 E.

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 10.17) 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. These funds do have a low level of volatility in their net asset value which could theoretically result in a small loss of capital. 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. Although there may be small variations in the net asset value, the Government has made regulations that prevent variations in the value of pooled funds, including money market funds, from being charged to revenue prior to such investments being disposed of.
- 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 enhanced returns 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 or other financial 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. Variations in the market value of some structured investment products will be credited or debited to General Fund balances under new accounting standards. The Government has not made regulations to prevent the General Fund balances being affected by variations in the market value of these investments.

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
- 11.22 Credit ratings be reviewed weekly and that any institution whose lowest credit rating falls below the criteria for category 8 in paragraph 10.16 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. 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.

Category 9 - £50m

Category 9 will consist of investments in pooled investment vehicles including equity funds, property funds, and multi asset funds.

These investment vehicles have the potential to generate returns in excess of inflation and thus maintain the value of the principal invested in real terms. The Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting requires movements in the market value of pooled investments to be charged to General Fund balances after a statutory transition period of 5 years.

Category 10 - £30m

Category 10 will consist of investments in subsidiary companies. In particular, funds could be invested to facilitate the establishment of a subsidiary company to develop housing in the greater Portsmouth area on a commercial basis.

Category 11 - £11m 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 11 will consist of rated building societies that meet these criteria.

Category 12 - £7m for 365 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. Category 11 will consist of institutions that meet the above criteria.

Category 13 - £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 13 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 14 - £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 14 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.

Stronger Unrated Building Societies	
Building Society	Limit
Newcastle	£6.0m
Progressive	£6.0m
Leek United	£5.2m
Ipswich	£3.2m
Marsden	£2.4m
Melton Mowbray	£2.3m
Market Harborough	£2.1m
Scottish	£2.1m
Hanley Economic	£2.0m
Dudley	£2.0m
Tipton & Coseley	£1.8m

Category 15 - £6m for 365 days

Category 15 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
Cumberland	£6.0m
The Family	£6.0m
Saffron*	£5.1m
Newbury	£5.0m
Furness	£4.5m
Hinkley & Rugby	£3.7m
Darlington #	£2.9m

* Saffron Building Society

In 2018/19 Saffron Building Society was placed in category 14 (formerly category 13) amongst the strongest unrated building societies.

The total assets of the Building Society have since fallen by £94m from £1,114m to £1,020m. This is a result of a decision by the Building Society to use some of its assets to upgrade its IT systems. The lending limits for unrated building societies are set at 0.5% of total assets. As a result of this the lending limit for the Building Society has been reduced by £0.5m from £5.6m to £5.1m. As a consequence of this the revised limit for Saffron Building Society has been exceeded by £0.5m. This situation will persist until 16 April 2019 when a £2.8m loan matures.

As the total assets of the Building Society have decreased, the percentage of total assets that are liquid has fallen by 6.97% from 22.40% to 15.43% which is inconsistent with a category 14 counter party considered suitable for investments of up to 2 years duration. Consequently the Building Society has been reassigned to category 14 which is only considered suitable for investments of up to 365 days. On 6 April 2018 the City Council invested £2.8m with the Building Society for 2 years.

Darlington Building Society

In 2018/19 Darlington Building Society was placed in category 14 (formerly category 13) amongst the strongest unrated building societies.

The liquid assets ratio of the Building Society has fallen by 4.65% from 20.77% to 16.12%. This is a result of a decision by the management of the Building Society to management down its liquidity in order to improve efficiency. As the minimum liquid asset ratio for category 14 has been set at 16.48% the Building Society has been downgraded to category 15. The effect of this is to reduce the maximum term for future investments from 2 years to 365 days. On 23 April 2018 the City Council invested £1.2m with the Building Society for 2 years.

Monmouthshire Building Society

In 2018/19 Monmouthshire met the criteria to be placed in category 14 (formerly category 13) and was eligible for the Council to invest in.

Building societies have reduced their dependence on wholesale funding overall. Monmouthshire Building Society has also reduced its dependence on wholesale funding, but by less than the average for building societies. As the Building Society is no longer in line with its peers, the Council will not place any further investments with this building society. The Council currently has £5.3m invested with the Building Society which matures on 12 April 2019.

Category 16 - £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.

12.3 Money Lodged on Behalf of 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:

	£
Pooled investment funds	50m
Building societies with a BBB credit rating and unrated building societies	77m
Corporate bonds with a BBB+ credit rating	32m
Externally managed 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.	30m
Long term investments	264m
Investments in foreign currencies to hedge against contracts priced or indexed against foreign currencies	4m
Hampshire Community Bnk bonds	10m
Total	475m

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	£50m with an indefinite duration (although these investments may be sold)
Category 10	£30m with an indefinite duration
Category 11	£10m for up to 2 years
Category 12	£7m for up to 365 days
Category 13	£8m with an indefinite duration (although these investments may be sold)
Category 14	£6m for up to 2 years
Category 15	£6m for up to 365 days
Category 16	£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, property or other 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, property or other 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 2037/38. 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. The Council may determine to borrow in advance of need in circumstances where it is reasonably expected that the total cost of borrowing over the whole life of the loan in present value terms is lower by borrowing in advance of need.

- 15.3 The Council's gross debt exceeded its CFR by £55m, ie. it was over borrowed, at 31 March 2018, but is expected to fall below its CFR by the end of 2018/19 leaving the Council under borrowed.

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(d)** of the Treasury Management Policy Report considered by the Cabinet on 12 March 2019 and the City Council on 19 March 2019).

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

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RISK APPETITE STATEMENTS

The following risk appetite statements are contained in the Capital Strategy subject to approval by the Cabinet and the City Council.

Borrowing Risk Appetite

It is often possible to borrow money short term at lower rates than it is possible to borrow long term. This often leaves the Council with two choices:

- To borrow short term or at variable interest rates. This would often enable the Council to borrow relatively cheaply, but the Council would need to accept that its borrowing costs may be volatile, as it exposes the Council to the benefits and dis-benefits of interest rate movements that can give rise to budget variances. This is a major risk when interest rates are expected to increase.
- To borrow long term at fixed rates. This will provide stable and predictable revenue costs of borrowing, but may be dearer than short term or variable loans. Fixed interest rates avoid the risk of budget variances caused by interest rate movements but prevent the council from benefiting from falling interest rates on its borrowing or rising interest rates on its investments. There is a risk that the Council could become locked into relatively high rates of interest if interest rates fall.

The Council attaches a high priority to a stable and predictable revenue cost of borrowing in the long term. This reflects the fact that debt servicing represents a significant cost to the Council's net revenue budget.

It is the Council's objective in relation to debt to borrow as cheaply as possible for the long-term at a fixed rate

This means that the Council is not totally risk averse, and the Council may borrow either short term or at variable rates if interest rates are expected to fall. Treasury management staff have the capability and flexibility to actively manage treasury risks within the scope of the Council's treasury management policy and strategy.

Risk Appetite Statement for Investing Surplus Cash

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 will invest its surplus cash to provide sufficient liquidity to meet its cash flow needs, but is mindful that the value of its investments will fall in real terms unless investment returns are at least equal to inflation. In order to earn investment returns in excess of inflation on as much of its surplus cash as possible, the Council will invest as much as it can in longer term higher yielding investments whilst maintaining sufficient liquidity to meet its cash flow needs.

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 Council may invest in externally managed pooled investment vehicles such as corporate bond funds, equity funds, property funds and multi asset funds. The Government has made regulations that will prevent fluctuations on the capital value of these funds from impacting on the General Fund prior to disposal for at least 5 years. Fluctuations in the capital value of these funds will impact on the General Fund in 5 year's time unless the regulations are extended.

BACKGROUND INFORMATION AND RISKS TO INTEREST RATE FORECASTS

GLOBAL OUTLOOK. World growth has been doing reasonably well, aided by strong growth in the US. However, US growth is likely to fall back in 2019 and, together with weakening economic activity in China and the Euro zone, overall world growth is likely to weaken.

Inflation has been weak during 2018 but, at long last, unemployment falling to remarkably low levels in the US and UK has led to a marked acceleration of wage inflation. The US Fed has therefore increased rates nine times and the Bank of England twice. However, the ECB is now probably unlikely to make a start on raising rates in 2019.

KEY RISKS - central bank monetary policy measures

Looking back on more than 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. A new period has already started in the US, and more recently in the UK, of 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 a 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 also encouraged investors into a search for yield and into investing in riskier assets such as equities. Consequently, prices in both bond and equity markets rose to historically high valuation levels simultaneously. This now means that both asset categories were exposed to a sharp downward correction and we did, indeed, see a sharp fall in equity values in the last quarter of 2018 and into early 2019. 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, conversely, 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. It is particularly notable that, at its 30 January 2019 meeting, the Federal Reserve

dropped its previous words around expecting further increases in interest rates; it merely said it would be “patient”.

The world economy also needs to adjust to a sharp change in **liquidity creation** over the last five years where the US has moved from boosting liquidity by QE purchases, to reducing its holdings of debt, (currently about \$50bn per month). In addition, the European Central Bank ended its QE purchases in December 2018.

UK. 2018 was a year which started with weak growth of only 0.1% in quarter 1. However, quarter 2 rebounded to 0.4% in quarter 2 followed by quarter 3 being exceptionally strong at +0.6%. Quarter 4 though, was depressed by the cumulative weight of Brexit uncertainty and came in at only +0.2%, (1.3% y/y). Growth is likely to continue being weak until the Brexit issues are resolved.

The MPC has stated that future Bank Rate increases would be gradual and would rise to a much lower equilibrium rate, (where monetary policy is neither expansionary or contractionary), than before the crash; indeed they have given a figure for this of around 2.5% in ten years’ time but have declined to give a medium term forecast. However, with so much uncertainty around Brexit, the next move could be up or down, even if there was a disorderly Brexit. While it would be expected that Bank Rate could be cut if there was a significant fall in GDP growth as a result of a disorderly Brexit, so as to provide a stimulus to growth, the MPC could also raise Bank Rate in the same scenario if there was a boost to inflation from increases in import prices, devaluation of sterling, and more expensive goods produced in the UK replacing cheaper goods previously imported, and so on. In addition, the Chancellor could provide fiscal stimulus to boost growth.

Inflation. The Consumer Price Index (CPI) measure of inflation has been falling from a peak of 3.1% in November 2017 to 1.8% in January 2019. In the February Bank of England quarterly Inflation Report, inflation was forecast to still be marginally above its 2% inflation target two years ahead given a scenario of minimal increases in Bank Rate.

The **labour market** figures in November were particularly strong with an emphatic increase in total employment of 141,000 over the previous three months, unemployment at 4.0%, a 43 year low on the Independent Labour Organisation measure, and job vacancies hitting an all-time high, indicating that employers are having major difficulties filling job vacancies with suitable staff. It was therefore unsurprising that wage inflation continued at its high point of 3.3%, (3 month average regular pay, excluding bonuses). This means that in real terms, (i.e. wage rates less CPI inflation), earnings are currently growing by about 1.2%, the highest level since 2009. This increase in household spending power is likely to feed through into providing some support to the overall rate of economic growth in the coming months. This tends to confirm that the MPC was right to start on a cautious increase in Bank Rate in August as it views wage inflation in excess of 3% as increasing inflationary pressures within the UK economy.

USA. President Trump's massive easing of fiscal policy is fuelling a (temporary) boost in consumption which has generated an upturn in the rate of strong growth which rose from 2.2% (annualised rate) in quarter 1 to 4.2% in quarter 2 and 3.5%, (3.0% y/y), in quarter 3, but also an upturn in inflationary pressures. The strong growth in employment numbers and an unemployment rate of 4.0%, near to a recent 49 year low, has fed through to an upturn in wage inflation which hit 3.2% in December. However, CPI inflation overall fell to 1.9% in December and looks to be on a falling trend to continue below the Federal Reserve's target of 2% during 2019. The Federal Reserve has continued on its series of increases in interest rates with another 0.25% increase in December to between 2.25% and 2.50%, which was the fifth increase in 2018 and the ninth in this cycle. However, they dropped any specific reference to expecting further increases at their January 30 meeting. The last increase in December compounded investor fears that the Federal Reserve could overdo the speed and level of increases in rates in 2019 and so cause a US recession as a result. There is also much evidence in previous monetary policy cycles of the Federal Reserve's series of increases doing exactly that. Consequently, we have seen stock markets around the world falling under the weight of fears around the Federal Reserve's actions, the trade war between the US and China and an expectation that world growth will slow. Since the more reassuring words of the Federal Reserve in January, equity values have recovered somewhat.

The tariff war between the US and China generated a lot of heat during 2018; it could significantly damage world growth if an agreement is not reached during the current three month truce declared by President Trump to hold off from further tariff increases.

Eurozone. Growth was 0.4% in quarters 1 and 2 but fell back to 0.2% in quarters 3 and 4 (1.2% y/y). Germany only narrowly avoided slipping into recession in quarter 4 whereas Italy did slip into recession. The trend of economic statistics is now indicating that growth is likely to weaken further in 2019. This will make it difficult for the European Central Bank (ECB) to make any start on increasing rates until 2020 at the earliest. Indeed, the issue now is rather whether the ECB will have to resort to new measures to boost liquidity in the economy in order to support growth. Having halved its quantitative easing purchases of debt in October 2018 to €15bn per month, the European Central Bank ended all further purchases in December 2018. In its January meeting, it made a point of underlining that it will be fully reinvesting all maturing debt for an extended period of time past the date at which it starts raising the key ECB interest rates.

China. Economic growth has been weakening over successive years, despite repeated rounds of central bank stimulus; medium term risks are increasing. Major progress still needs to be made to eliminate excess industrial capacity and the stock of unsold property, and to address the level of non-performing loans in the banking and credit systems. Progress has been made in reducing the rate of credit creation, particularly from the shadow banking sector, which is feeding through into lower economic growth. There are concerns that official economic statistics are inflating the published rate of growth.

Japan - has been struggling to stimulate consistent significant GDP growth and to get inflation up to its target of 2%, despite huge monetary and fiscal stimulus. It is also making little progress on fundamental reform of the economy. It is likely that loose monetary policy will endure for some years yet to try to stimulate growth and modest inflation.

Emerging countries. Argentina and Turkey are currently experiencing major headwinds and are facing challenges in external financing requirements well in excess of their reserves of foreign exchange. However, these countries are small in terms of the overall world economy, (around 1% each), so the fallout from the expected recessions in these countries will be minimal.

INTEREST RATE FORECASTS

The interest rate forecasts provided by Link Asset Services in paragraph 4.3.1 are predicated on an assumption of an agreement being reached on Brexit between the UK and the EU. On this basis, while GDP growth is likely to be subdued in 2019 due to all the uncertainties around Brexit depressing consumer and business confidence, an agreement is likely to lead to a boost to the rate of growth in subsequent years which could, in turn, increase inflationary pressures in the economy and so cause the Bank of England to resume a series of gentle increases in Bank Rate. Just how fast, and how far, those increases will occur and rise to, will be data dependent. The forecasts in this report assume a modest recovery in the rate and timing of stronger growth and in the corresponding response by the Bank in raising rates.

- In the event of an **orderly non-agreement exit**, it is likely that the Bank of England would take action to cut Bank Rate from 0.75% in order to help economic growth deal with the adverse effects of this situation. This is also likely to cause short to medium term gilt yields to fall.
- If there was a **disorderly Brexit**, then any cut in Bank Rate would be likely to last for a longer period and also depress short and medium gilt yields correspondingly. Quantitative easing could also be restarted by the Bank of England. It is also possible that the government could act to protect economic growth by implementing fiscal stimulus.

However, there would appear to be a majority consensus in the Commons against any form of non-agreement exit so the chance of this occurring has now substantially diminished.

The balance of risks to the UK

The overall balance of risks to economic growth in the UK is probably neutral.

The balance of risks to increases in Bank Rate and shorter term PWLB rates, are probably also even and are broadly dependent on how strong GDP growth turns out, how slowly inflation pressures subside, and how quickly the Brexit negotiations move forward positively.

One risk that is both an upside and downside risk, is that all central banks are now working in very different economic conditions than before the 2008 financial crash as there has been a major increase in consumer and other debt due to the exceptionally low levels of borrowing rates that have prevailed for ten years since 2008. This means that the neutral rate of interest in an economy, (i.e. the rate that is neither expansionary nor deflationary), is difficult to determine definitively in this new environment, although central banks have made statements that they expect it to be much lower than before 2008. Central banks could therefore either over or under do increases in central interest rates.

Downside risks to current forecasts for UK gilt yields and PWLB rates currently include:

- **Brexit** – if it were to cause significant economic disruption and a major downturn in the rate of growth.
- **Bank of England** takes action too quickly, or too far, over the next three years to raise Bank Rate and causes UK economic growth, and increases in inflation, to be weaker than currently anticipated.
- A resurgence of the **Eurozone sovereign debt crisis**, possibly in **Italy**, due to its high level of government debt, low rate of economic growth and vulnerable banking system, and due to the election in March 2018 of a government which has made a lot of anti-austerity noise. The EU rejected the original proposed Italian budget and demanded cuts in government spending. The Italian government nominally complied with this rebuttal – but only by delaying into a later year the planned increases in expenditure. The rating agencies have downgraded Italian debt to one notch above junk level. If Italian debt were to fall below investment grade, many investors would be unable to hold Italian debt. Unsurprisingly, investors are becoming increasingly concerned by the actions of the Italian government and consequently, Italian bond yields have risen sharply – at a time when the government faces having to refinance large amounts of debt maturing in 2019.
- Weak capitalisation of some **European banks**. Italian banks are particularly vulnerable; one factor is that they hold a high level of Italian government debt - debt which is falling in value. This is therefore undermining their capital ratios and raises the question of whether they will need to raise fresh capital to plug the gap.

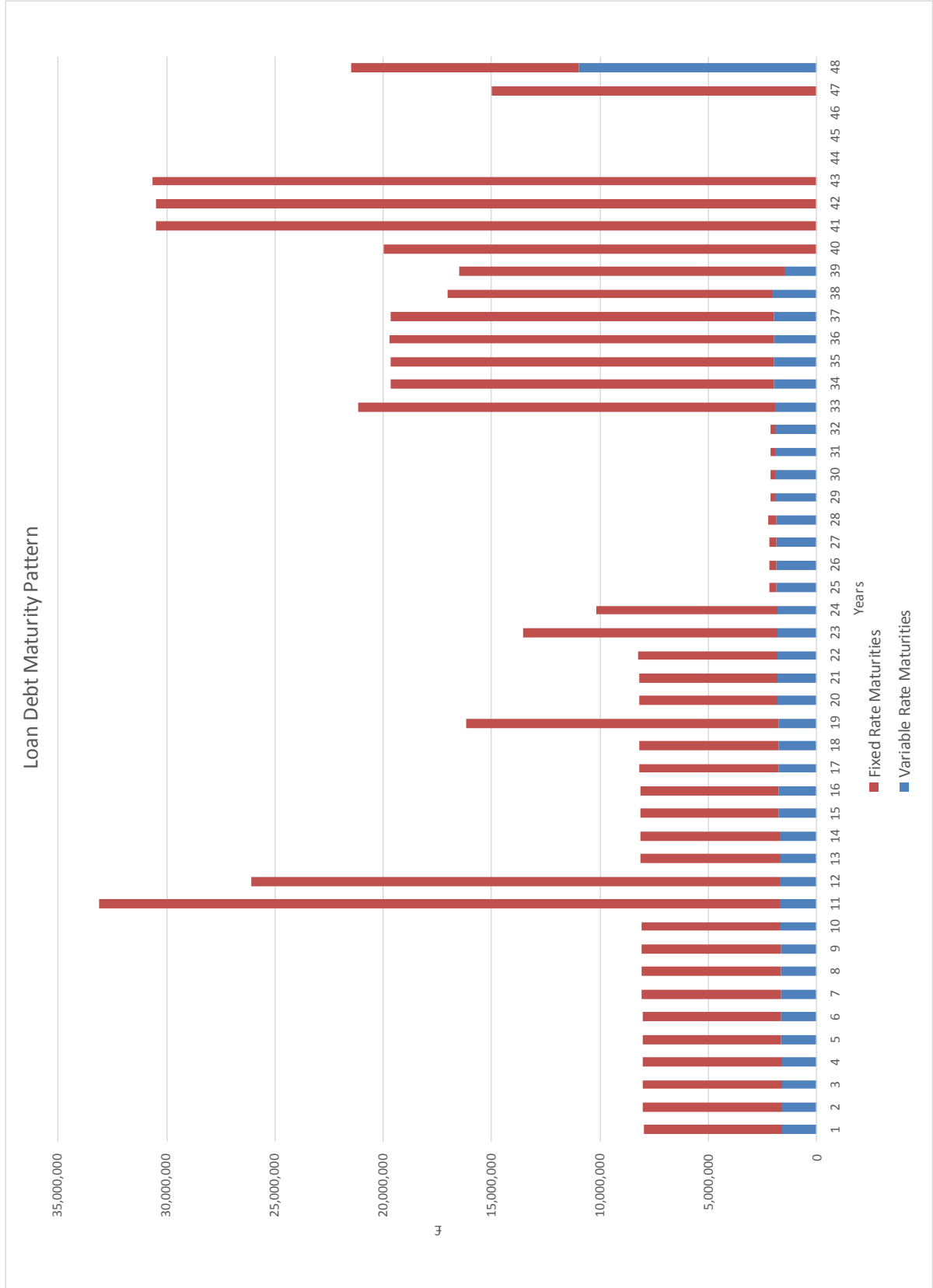
- **German minority government.** In the German general election of September 2017, Angela Merkel's CDU party was left in a vulnerable minority position dependent on the fractious support of the SPD party, as a result of the rise in popularity of the anti-immigration AfD party. Then in October 2018, the results of the Bavarian and Hesse state elections radically undermined the SPD party and showed a sharp fall in support for the CDU. As a result, the SPD had a major internal debate as to whether it could continue to support a coalition that is so damaging to its electoral popularity. After the result of the Hesse state election, Angela Merkel announced that she would not stand for re-election as CDU party leader at her party's convention in December 2018. However, this makes little practical difference as she has continued as Chancellor. However, there are five more state elections coming up in 2019 and EU parliamentary elections in May/June; these could result in a further loss of electoral support for both the CDU and SPD which could also undermine her leadership.
- **Other minority Eurozone governments.** Sweden, Spain, Portugal, Netherlands and Belgium all have vulnerable minority governments dependent on coalitions which could prove fragile. The Spanish government failed to pass a national budget in mid February so a snap general election is now scheduled for April 28.
- **Italy, Austria, the Czech Republic and Hungary** now form a strongly anti-immigration bloc within the EU. Elections to the EU parliament are due in May/June 2019.
- The increases in interest rates in the US during 2018, combined with a potential trade war between the USA and China, sparked major volatility in equity markets during the final quarter of 2018 and into 2019. Some **emerging market countries** which have borrowed heavily in dollar denominated debt, could be particularly exposed to investor flight from equities to safe havens, typically US treasuries, German bunds and UK gilts.
- There are concerns around the level of **US corporate debt** which has swollen massively during the period of low borrowing rates in order to finance mergers and acquisitions. This has resulted in the debt of many large corporations being downgraded to a BBB credit rating, close to junk status. Indeed, 48% of total investment grade corporate debt is now rated at BBB. If such corporations fail to generate profits and cash flow to reduce their debt levels as expected, this could tip their debt into junk ratings which will increase their cost of financing and further negatively impact profits and cash flow.
- **Geopolitical risks**, especially North Korea, but also in Europe and the Middle East, which could lead to increasing safe haven flows.

Upside risks to current forecasts for UK gilt yields and PWLB rates

- **Brexit** – if both sides were to agree a compromise that removed all threats of economic and political disruption.

- **The Federal Reserve 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 QE, 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**, whether domestically generated or imported, returning to sustained significantly higher levels causing an increase in the inflation premium inherent to gilt yields.

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TREASURY MANAGEMENT INDICATORS

Total Sums Invested for Periods Longer than 365 Days (paragraph 4.5 of Treasury Management Policy Statement)	
	£m
Actual sums invested for periods longer than 365 days at 31 March 2019	264
Estimated sums invested for periods longer than 365 days at 31 March 2020	205
Limits on total sums invested for periods longer than 365 days at 31 March 2021	144
Limits on total sums invested for periods longer than 365 days at 31 March 2022	117

Limits on the Maturity Structure of Fixed Rate Borrowing (paragraph 4.6 of Treasury Management Policy Statement)		
	Lower Limit	Upper Limit
Under 12 months	0%	10%
12 months and within 24 months	0%	10%
24 months and within 5 years	0%	10%
5 years and within 10 years	0%	20%
10 years and within 20 years	0%	30%
20 years and within 30 years	0%	30%
30 years and within 40 years	0%	40%
40 years and within 50 years	0%	40%

Limits on the Maturity Structure of Variable Rate Borrowing (paragraph 4.16 of Treasury Management Policy Statement)		
	Lower Limit	Upper Limit
Under 12 months	0%	10%
12 months and within 24 months	0%	10%
24 months and within 5 years	0%	10%
5 years and within 10 years	0%	20%
10 years and within 20 years	0%	30%
20 years and within 30 years	0%	30%
30 years and within 40 years	0%	30%
40 years and within 50 years	0%	30%

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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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Agenda Item 12

Title of meeting:	Full Council Meeting
Date of meeting:	19 th March 2019
Subject:	Capital Strategy 2019/20 - 2028/29
Report by:	Director of Finance and Information Technology & Section 151 Officer
Wards affected:	All
Key decision:	Yes
Full Council decision:	Yes

1. Executive Summary

This report outlines the Council's capital strategy for the next 10 years, starting 2019/20. The Capital Strategy is dynamic and will be updated annually as capital investment plans mature.

The Capital Strategy sets out the overarching capital aspirations how both capital expenditure and investment decisions are made, whilst taking into consideration risks and rewards. There is a presumption that Capital investment will be targeted towards income generation and economic growth, once the Council's statutory obligations have been met, enabling the delivery of the regeneration of the City Economy, provision of affordable Housing and direct investment into Portsmouth based commercial ventures. There are 2 parts to the Capital Strategy

1.1 Part I - Capital Expenditure and Aspirations

The Chartered Institute of Public Finance and Accountancy (CIPFA) describes the capital strategy as "the long-term strategy for investment in assets and for obtaining the resources required for that investment". When a capital scheme is approved by Members, it is at that point in time that a decision is made how to finance the scheme. If the scheme generates either sufficient income or savings, it can be financed from borrowing so long as either the income or savings can adequately service the debt.

At the time of scheme approval, should the Council have surplus cash, it may choose to fund capital expenditure financed by borrowing from its surplus cash in the short-term, and delay going out to the market to physically borrow the required cash for the capital scheme. Prior to any borrowing a full business case and financial appraisal is prepared that can satisfactorily demonstrate with good certainty that cost savings / additional income or value uplift of the development which will accrue directly to the Council will at least cover the cost of that borrowing on a sustained basis over the lifetime of the borrowing undertaken.

Whether to take long term borrowing, or use surplus cash in the short-term and delay a decision to take longer term borrowing forms part of the Treasury Management Policy and is not considered here.

The Capital Strategy seeks to provide the catalyst to unlock the economic potential of the City by encouraging the regeneration built around the City's thriving culture and making Portsmouth a great place to live, work and visit. As part of this Regeneration, the planned cruise and terminal development at the Port will grow the city's visitor economy. Investment in affordable housing will make sure that there are more good quality homes that local people can afford, including more council homes.

1.2 Part II - Borrowing and Investing in Property

Part II considers the implications of the Council's future capital expenditure plans on borrowing and investing.

Making Provision for the Repayment of Debt

Repayment of borrowing must be provided for upon completion of General Fund schemes financed by borrowing, it is the Council's policy to provide for the repayment of the debt over the asset's useful economic life not exceeding 50 years. This is known as the **Minimum Revenue Provision (MRP)** and is based on an annuity method. This methodology results in a lower MRP for new assets in the early years presenting the council with the opportunity to build income streams and build savings over this period. However, MRP will increase year on year, but not necessarily in real terms after inflation is taken into account.

Timing of Borrowing

In contrast, when the Council has surplus cash, instead of investing that surplus cash through the Treasury Management Policy it can use it in the short term to meet the cost of capital expenditure. The resulting loss of interest earned on investing surplus cash can be more cost effective than borrowing the required funds straight away. However, this only delays the taking of external borrowing rather than avoiding the need to borrow completely.

Investments in Property

According to CIPFA Treasury Management Code, **Investment in Commercial Properties Acquired through the Capital Programme** are also regarded as investments in addition to **Investments of Surplus Cash**

As at 31 March 2018 the Council had invested £128m in commercial properties with plans to further invest £55m in commercial properties from borrowing that was secured in 2016/17. The Government issued revised statutory guidance on local government investments early in 2018, effective from 1st April 2018. The guidance no longer permits Councils to borrow in order to acquire investment property portfolios outside the economic area to generate a surplus. The Council had previously borrowed funds to enable the purchase of a £183m investment property portfolio. At the time the Government issued its revised guidance £128m had already been invested in commercial properties with £55m remaining to be used. Having had regard to this guidance, the Council intends to invest the residual £55m into commercial properties (in Portsmouth and elsewhere) as planned. The key reasons for continuing to pursue such a strategy are:

- Funds have already been borrowed and will need to be invested with lower returns if the Council does not pursue its strategy to acquire investment properties

- Not completing the strategy to acquire the complete portfolio would result in risk being spread over a smaller number of properties and leave the portfolio inadequately diversified across locations and economic sectors
- The Council has strict criteria for the acquisition of properties which are designed with the primary objective of protecting the capital sum invested
- The commercial property investment portfolio is an integral part of the Council's overall medium term financial strategy

To ensure that the Council does not become over reliant on Investment income, a number of indicators are calculated in accordance with government guidance. These are included in Part II Appendix D.

Skills and Knowledge of Staff

Treasury Management and Capital accounting requirements are complex and heavily regulated. As a consequence, staff are provided with adequate training so that they have sufficient **skills and knowledge**, assisted by Link Asset Services, to undertake the treasury management function in house.

Treasury Management Reporting

The Council's strategy for borrowing and investing surplus cash is contained in its Treasury Management Policy which is not considered here. All **Treasury Management Policies** are considered by the Cabinet and approved by the City Council on an annual basis. All reports on treasury management including monitoring reports are scrutinised by the Governance and Audit and Standards Committee.

2. Purpose of Report

The purpose of this report is to:

- enable the City Council to adopt a long term Capital Strategy from 2019/20 onwards
- inform members and the wider community of the Council's Capital Strategy
- ensure that Members are aware of the overall strategy, governance procedures and risk appetite
- highlight the business planning inter-relationship between the Capital Strategy, capital programme, the Revenue budget, the Medium Term Financial Strategy and Treasury Management

Simple Business Planning Model



Link Asset Services

- ensure the council has sufficient liquidity to meet the cashflow arising from the capital programme

3. Recommendations

3.1 That Part I of the Capital Strategy (Capital Expenditure and Aspirations) be approved including:

- a) The Short to Medium Term Capital Aspirations set out in Appendix B
- b) The Long Term Capital Aspirations set out in Appendix C

3.2 That Part II of the Capital Strategy (Borrowing and Investing in Property) be approved including:

- a) The Minimum Revenue Provision (MRP) for Debt Repayment Policy (Part II, paragraph 1.5)
- b) That the risk appetite statement for borrowing as set out in Part II, paragraph 1.6
- c) That the risk appetite statement for investing surplus cash as set out in Part II, paragraph 1.13
- d) The investment indicators in Part II - Appendix D (part II, paragraph 2.3)
- e) That the Director of Finance and Information Technology (Section 151 Officer) will bring a report to the next Cabinet and City Council if (part II, paragraph 4.1):
 - (i) The Council's gross General Fund (GF) debt exceeds 319% of GF net service expenditure or;
 - (ii) Overall investment income from investment properties and long term treasury management investments exceeds 9.5% of GF net service expenditure

4. Background

On the 4th February 2009, the City Council approved the Capital Strategy 2008-2018. On 24th January 2012 the city Council approved the "Capital Investment Aspirations and Priorities 211/12 and the Future".

The Capital Strategy establishes the approach to both capital expenditure and investment decisions.

This report outlines the Council's Capital Strategy and aspirations for the next 10 years, starting from 2019/20. The Capital Strategy is dynamic and will be updated annually as capital investment plans mature. The Capital Programme and "new starts" (including the Housing Investment Capital Programme) is approved each year by Full Council, in accordance with the Capital Strategy.

The Capital Strategy fulfils the requirements of the revised Prudential Code for Capital Finance in Local Authorities 2017.

5. Reasons for Recommendations

Adopting a Capital Strategy will enable a longer term view to be taken of capital expenditure, borrowing and investment. The Capital Strategy is also intended to facilitate integration between the Council's aspirations, its capital programme and its Treasury Management Strategy.

6. Equality Impact Assessment (EIA)

This Capital Strategy identifies capital schemes that may be included in future capital programmes. Sums are not earmarked for capital schemes until they are included in the capital programme. Prior to the commencement of any capital scheme, a report and financial appraisal on that scheme will be approved either by the Portfolio Holder, the Cabinet or the City Council and at that time an Equalities Impact Assessment will be undertaken.

7. Legal Implications - Pending Legal

7.1 The Government Guidance referred to in the body of this report is the Statutory Guidance on Local Government Investments (3rd Edition) issued by the Secretary of State under Section 15(1) of the *Local Government Act 2003*. Section 15(1) places local authorities under a statutory duty to *have regard to* such guidance.

7.2 Accordingly, whilst the guidance does not have mandatory effect, if and to the extent that the Council does not follow this guidance (having had due regard to it) the Council's reasons for so doing must be clear, rational and cogently explained.

7.3 Two codes of practice issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) contain guidance on borrowing and investment and complement the central government guidance. These publications are:

- *Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes*

- *The Prudential Code for Capital Finance in Local Authorities*

7.4 Local authorities are required to have regard to the current editions of the CIPFA codes by regulations 2 and 24 of the *Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 [SI 3146] as amended*.

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

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

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

Appendices:

Part I Capital Expenditure and Aspirations

Sub Appendices:

Appendix A Contextual Background to Portsmouth

Appendix B Short to Medium Term Capital Aspirations

Appendix C Long Term Capital Aspirations

Part II Borrowing and Investment including Investment Indicators

Sub Appendices:

Appendix D Investment Indicators

Glossary

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
1 Information pertaining to the Capital Strategy	Financial Services

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Portsmouth
CITY COUNCIL

CAPITAL STRATEGY

2019/20 - 2028/29

“Working Together: putting people at the heart”

Part I Capital Expenditure and Aspirations

CONTENTS

- 1. Definition, Purpose & Scope**
- 2. Portsmouth Vision & Corporate Plan – “Strategic Fit”**
- 3. Key Capital expenditure Principles**
- 4. Short & Medium Term Capital expenditure Needs & Priorities**
- 5. Long Term Capital expenditure Aspirations**
- 6. Summary**
- 7. Appendices**

1. Definition, Purpose & Scope

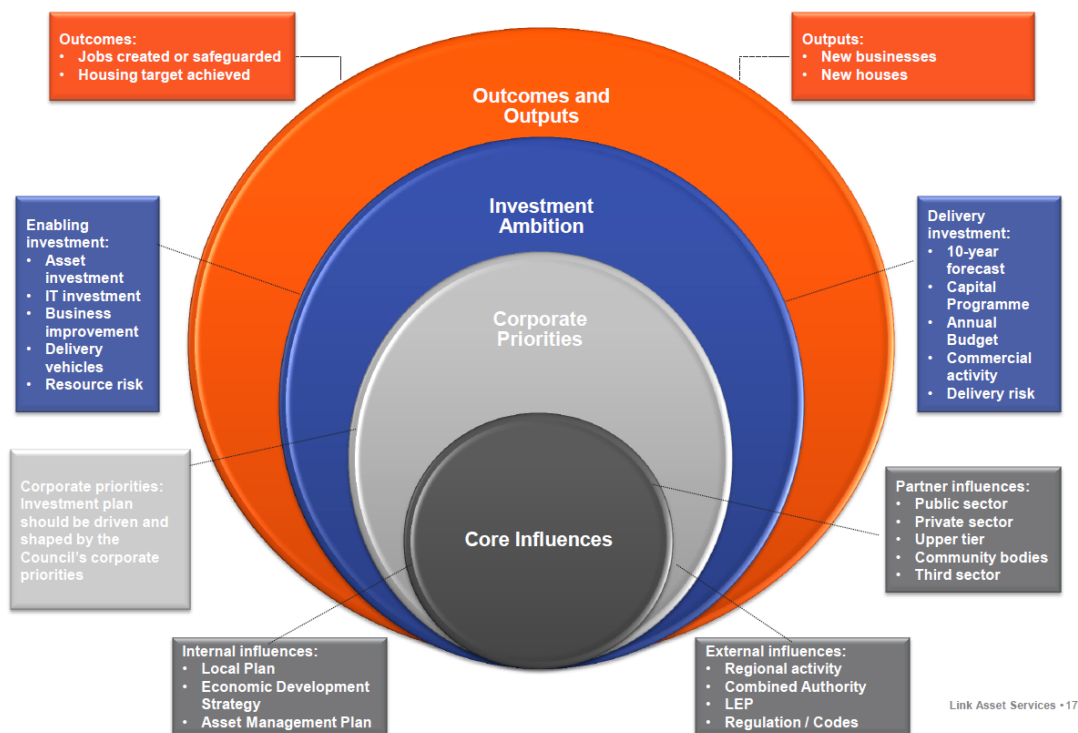
Definition

- a. Capital expenditure is the expenditure that is incurred primarily on buying, constructing or improving physical assets, such as:
- Buildings (including schools, houses, libraries and museums)
 - Land for development, roads, playing fields; and
 - Vehicles, plant and machinery (including street lighting and road signs)

Capital expenditure also includes grants and advances made to the public or private sector for capital purposes, such as advances to Registered Social Landlords to provide adaptations to houses meet the needs of vulnerable people

- b. The Capital Strategy is a high level plan that sets out the Council's approach to Capital expenditure over the short, medium and long term.
- c. The Capital Strategy takes both a "bottom up" and "top down" approach to the identification of the Council's Capital expenditure requirements. It takes a 10 year time horizon and considers:
- What are the short term **needs** of the existing capital assets of the City Council, which of them will be required for future service delivery and what capital expenditure will be needed to sustain them both now and in the future ("Bottom Up" approach)
 - What are the Council's medium term **priorities** for service delivery and what capital expenditure will be needed to help deliver those priorities ("Top Down" and "Bottom Up" approach)
 - What are the Council's long term **aspirations** for the City of Portsmouth and what capital expenditure will be needed to deliver those aspirations ("Top Down" approach)

Capital Strategy



Purpose

- d. The purpose of the Capital Strategy is to set out a plan and a supporting financial framework to assist in the delivery of the Council's needs, priorities & aspirations. That plan describes what will be achieved, by when with key milestones and how it could be funded.
- e. The Capital Strategy is intended to be a robust vehicle with sufficient guiding principles to achieve the Council's stated vision and priorities but flexible enough to be able to respond to the emerging local priorities that will inevitably arise.
- f. The Capital Strategy is not intended to be static, it is a dynamic plan that will change and evolve continually over time. The Capital Strategy needs to be flexible to respond to emerging national and local priorities. In particular, the nature of the Central Government Capital Financing system is such that many national priorities for Capital expenditure will be cascaded and "drip fed" to Local Authorities over time and will be accompanied by the external funding to support them. These will be incorporated into the Council's Capital expenditure Plans as they arise. The Strategy will however, be robust and will include local priorities and aspirations that the Council aims to fund from the Council's own capital resources
- g. Following the December 2017 edition of the CIPFA Prudential Code for Capital Finance in Local Authorities' regulations guidance, there is also a new requirement for full Council to approve a combined annual Capital Strategy and Treasury Management Strategy. Being aligned with one another, they will generate and create value for the Council by optimising the Council's liquidity; having a framework in place to prioritise capital expenditure and safeguarding against risk of either project overspend or non-delivery and by limiting the uncertainty of its returns.

Scope

- h. The City Council's Capital Strategy encompasses all areas of the Council's activities including some of the traditionally more autonomous service areas such as Housing Revenue Account and the Commercial Port.
- i. The body that approves the budget for PCC is the Full Council. The responsibility for decision-making and ongoing monitoring in respect of capital expenditure, investment and borrowing, including prudential indicators, remains with the Full Council.
- j. New Capital Expenditure will be targeted towards income generation and economic growth whilst ensuring the Council's statutory obligations are also met, (e.g. school places). The priority of new capital expenditure will be assessed in accordance with the following capital expenditure criteria:
 - i. Essential to maintain operational effectiveness - including statutory responsibilities
 - ii. Continued drive towards the regeneration of the City - by increasing prosperity through employment and reducing the extent to which the population needs Council services
 - iii. Income Generation - reducing dependency on central government grants
 - iv. Invest to Save - increasing the efficiency and effectiveness of the Council's activity

2. Portsmouth Vision & Corporate Plan – “Strategic Fit

a. The Vision for Portsmouth is:

“Make Portsmouth a place that is fairer for everyone: a city where the Council works together with thriving communities to put people at the heart of everything we do”.

In order to deliver this vision, the City’s priorities are to:

- Make Portsmouth a city that works together, enabling communities to thrive and people to live healthy, safe and independent lives
- Encourage regeneration built around our city's thriving culture, making Portsmouth a great place to live, work and visit
- Make our city cleaner, safer and greener
- Make Portsmouth a great place to live, learn and play, so our children and young people are safe, healthy and positive about their futures
- Make sure our council is a caring, competent and collaborative organisation that puts people at the heart of everything we do

b. The Regeneration priority to "encourage regeneration built around our city's thriving culture, making Portsmouth a great place to live, work and visit" articulates the vision for the city to become a globally competitive economy supporting local economic growth, innovation and enterprise and enhancing the competitiveness of Portsmouth. The aim of the priority is to ensure local people are able to get those jobs and benefit from regeneration programme. By having a "Portsmouth first" approach to property investment, income generation will maintain services and enable more affordable good quality homes to be built.

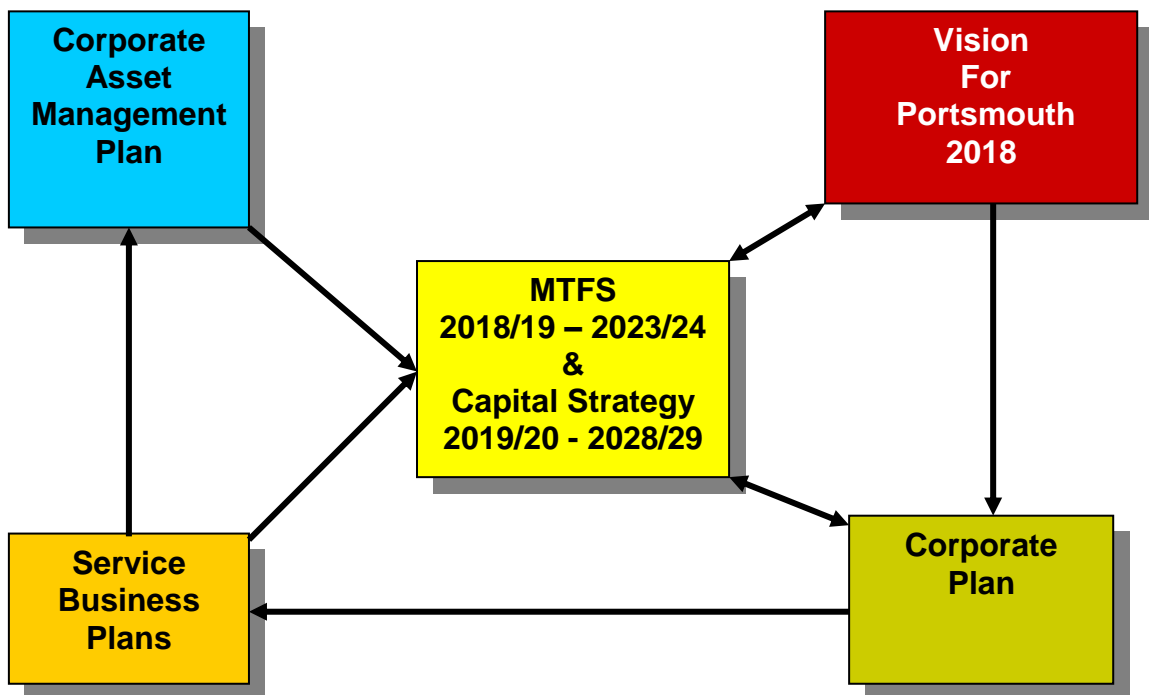
c. The Medium Term Financial Strategy (MTFS) and the Capital Strategy (CS) set out the Revenue Spending plans and the Capital expenditure plans respectively that deliver the longer term aspirational Vision for Portsmouth and the medium term Priorities for the City Council. Both of these strategies set out the financial frameworks that exist to support the achievement of the vision and priorities.

d. Whilst there is a technical distinction between Revenue and Capital, the focus of attention for the Council is not whether it is Capital or Revenue, but whether the desired outcome is achieved. In this respect, the strategy for capital expenditure is of equal importance to the strategy for revenue spending.

e. Whilst the MTFS and CS are designed to support the delivery of the day to day revenue and ongoing capital expenditure needs, priorities and aspirations of the Council, those needs, priorities and aspirations are also constrained by the revenue and capital resources available. These strategies therefore introduce criteria based processes to assist the Council in making informed spending decisions that will optimise the outcomes from the resources available.

f. The MTFS and CS are driven by the Vision for Portsmouth and the Corporate Plan both directly in terms of medium to longer term priorities and ambitions of the Council and via Service Business Plans and the Corporate Asset Management Plan in terms of the short and medium term needs and priorities of the Council. This is illustrated pictorially below:

STRATEGIC FIT



- g. The Corporate Asset Management Plan and Service Business Plans are the more immediate “needs analysis” and “bottom up” drivers that feed the MTFS and CS. Service Business Plans set out all spending plans of the service in order to deliver priority outcomes. Service Business Plans also feed the Corporate Asset Management Plan (CAMP) which seeks to align the Council’s asset base with our corporate plans and objectives. The CAMP identifies current and future needs and priorities of services and seeks to provide a series of actions to ensure the Council has the right assets, in the right condition and in the right location
- h. A core feature of this Capital Strategy is assist in the delivery of the Vision and the Corporate Plan. There is a presumption that Capital expenditure will be targeted towards income generation and economic growth whilst ensuring the Council’s statutory obligations are also met. The emphasis is therefore on entrepreneurial and regeneration activities.

3. Key Capital Expenditure Principles

- a. In order to determine which current, or future assets, should be either maintained or invested in the following principles will be adopted when consideration is given to capital expenditure decisions:
- b.

Principle 1 – Contribution to Council Plan / Priorities

For the Council’s non-commercial activities, Capital expenditure will be made where there is a clear and demonstrable contribution to the priorities contained within the Corporate Plan or the aspirations contained within the Portsmouth Vision.

For the Council’s commercial activities (such as the Port and Investment Property Portfolio), Capital expenditure will be based on the commercial principles of achieving

a specified rate of return and payback through surpluses over a reasonable time period.

Principle 2 - Statutory Obligations

There must be clarity about the details of immediate obligations and the extent to which the current statutory obligation is being met.

Principle 3 – Financial Appraisal

The City Council will only embark on new capital expenditure where that capital expenditure is fully funded and the source of funding in terms of both timing and value can be relied upon with a high degree of confidence. The timing and accessibility of funds to PCC must be considered.

Prior to any Capital expenditure decision being made, the whole life cost of the proposal will be estimated and the Council will satisfy itself that those costs can be accommodated with the council's overall budget. Capital Expenditure must also take into consideration the impact on both existing revenue and capital budgets and future forecasts. This will include both the maintenance and any lifecycle replacement of components required over the estimated useful life of the asset.

Principle 5 – Option Appraisal

Any new capital expenditure decision is to follow a full and proper options appraisal that considers the following for each reasonable alternative:

- Suitability – the extent to which each option makes a contribution to the needs, priorities and aspirations of the Council as defined within the CAMP, Corporate Plan and Vision for Portsmouth
- Feasibility – the capital cost and whole lifecycle cost plus the practical ease of implementing the scheme
- Acceptability – the extent to which the scheme is acceptable to Members of the City Council and the residents of Portsmouth

Principle 6 - Risk

The Capital expenditure should not place the Council in a position where the risks associated with the Capital expenditure exceed the benefits of undertaking that investment. Neither, should the Council enter into any Capital expenditure where the risks associated with that investment cannot be managed effectively. Such risks may include (but will not be exclusive to) having insufficient resources generally or project management resources in particular to be able to effectively deliver a capital scheme.

Principle 7 – Approved Schemes in Progress (overspends)

The first consideration before any new Capital Expenditure is to ensure that the existing approved capital programme is fully and properly funded. Except in exceptional circumstances, the first call on available capital resources will be to fund any overspendings on approved schemes which are contractually committed. An approved scheme that is in progress will only be cancelled when the Value for Money of that scheme becomes unviable. (I.e. the additional costs and risks outweigh the potential future benefits)

4. Short & Medium Term Capital Expenditure Needs & Priorities

- a. The short and medium term Capital expenditure needs of the Council will be driven by the Corporate Plan and be identified in Service Business Plans and the Corporate Asset Management Plan. (CAMP).
- b. The CAMP is a consolidation of all existing Capital expenditure needs and priorities drawing on Service Asset Management Plans and other Corporate Priorities. It is both a “bottom up approach” (i.e. needs led) drawing upon changing demographics, changing demand and changing expectations of residents as well as a “top down” approach (i.e. priority led) based on the future direction of the Council set out in the Corporate Plan.
- c. In summary, the CAMP will identify:
 - The assets needed to deliver current and future services
 - The condition and sufficiency of those assets
 - The capital expenditure required to maintain and / or adapt those assets to ensure that they are “fit for purpose”
 - Unsuitable and surplus assets that are not required for the delivery of the Council’s services and could either be:
 - Re-used for another purpose
 - Re-developed or “mothballed” for future re-development
 - Transferred for Community or other Public Use
 - Disposed of via sale.
- d. The City Council has a wide range of service responsibilities, both statutory and non-statutory. In determining the needs and priorities for new Capital expenditure, a balanced approach will be taken to ensure that the needs and priorities of all service areas are considered including taking into account, the capital intensive nature of some services
- e. The Capital Strategy is dynamic and whilst the priorities and aspirations of the Council will remain broadly constant, the Capital expenditure to achieve those priorities may change. The Capital expenditure plans of the Council will be updated continuously and added to the Council’s Capital Programme following the proper approvals in accordance with the Council’s Constitution and Financial Rules. The Capital Planning process is described as part of the Financial Framework supporting the Delivery of the Capital Strategy in Section 7.
- f. The current key short and medium term Capital expenditure priorities for the Council are set out in Appendix B and cover the period 2019/20 to 2029/30.

5. Long Term Capital Expenditure Aspirations

- a) It is recommended that the City Council endorses the short to medium and long-term aspirations of the Capital Strategy, as set out in appendices 2 and 3
- b) The longer term aspirations that the Council has for the City are ambitious and rely on the Council applying the resources at its disposal in ways which deliver the greatest impact. Those resources include Capital Resources which will be targeted at Capital expenditure that has the greatest prospect of delivering the Council's aspirations.
- c) The Council has developed a wide range of longer term Capital expenditure proposals aimed at meeting the "Vision for Portsmouth", some of which have some or partially funding but the majority of which, the Council wishes to pursue but which are, as yet, unfunded. Section 7 (Appendices B & C) of this Strategy sets out the way in which these unfunded Capital expenditure plans could be achieved.
- d) The Council's key longer term Capital expenditure plans and aspirations aimed at delivering the Vision for Portsmouth are set out in Appendix 3.

6. Summary

This strategy sets out the key capital expenditure priorities over the short, medium and longer term.

Whilst the capital resources available are currently insufficient to meet all the capital expenditure Priorities of the Council, the financial framework set out in this strategy will provide the best opportunity for maximising resources and the best opportunity for applying those resources to that Capital expenditure which will make the greatest contribution to the Council's needs, priorities and aspirations.

Inevitably plans to achieve the Council's objectives over the short, medium and long term will change as will the capital resources available. This strategy has been designed to be flexible enough to accommodate any such changes whilst being robust enough to enable the Council's core objectives to be achieved.

7. Appendices

A - Contextual Background to Portsmouth

Portsmouth is the UK's only island city, with Portsea Island accounting for 62% of the city's land mass. Portsmouth is the most densely populated area in the UK outside London, with an estimated population of 215,000 residing within 15.5 square miles.

Portsmouth is ranked 63rd most deprived out of 326 local authorities in England (where 1 is the most deprived), with 15% of the city's population experiencing income deprivation. Charles Dickens ward tends to be the most deprived ward in the city. 22% of all dependent children in the city are living in relative poverty (which is above the England average) and in some areas this rate is twice the national average (Charles Dickens). The percentage of children in the city known to be eligible for and claiming free school meals is higher than the national average, reflecting low incomes in the city.

The city is becoming more ethnically diverse. 16% of the City's overall population are not of White British ethnic origin, and this rises to 20% of school-age children. Over 100 languages are spoken by pupils attending Portsmouth schools.

There are approximately 88,000 dwellings in Portsmouth. Private stock accounts for nearly 81% of the dwellings in Portsmouth, with the remainder divided between the local authority (13%) and registered social landlords (6%). Nearly half of the private sector housing stock was built before 1919, which is more than twice the English average. In terms of dwelling type, 63% of Portsmouth's private dwellings are terraced houses, again twice the English average (29%).

Portsmouth performs a key role as an employment hub for its suburban hinterland, most notably the Boroughs of Fareham, Gosport and Havant which supply 24% of the city's workforce. Unemployment in the city is typically on a par with the average for Great Britain, but around 1% higher than the South East region's average. An estimated 4.9% of the city's 16 - 18 year olds are NEET (not in education, employment or training). This is lower than both the England average and the south east regional average, and is reducing. Adults in Portsmouth have lower than average levels of skills and qualifications, with approximately 27% of the working age population having no or low qualifications (NVQ1 equivalent). We know that local resident earnings are significantly lower than local workplace salaries, suggesting that many of the higher level jobs are filled by people commuting into the city.

Portsmouth is well connected with strategic road and rail routes as well as domestic and international ferry routes to a range of destinations. There are five train stations in the city, with the railway line running through the heart of the city, north to south. However, intercity rail journeys from and to Portsmouth are relatively slow. The opening of the Hindhead Tunnel has significantly improved road access to London, shortening journey times by 20mins. Consultation with residents suggests that affordability of public transport – especially bus fares – is a major issue. We also have limited road capacity due to the "island" nature of the city, and only three road routes off Portsea Island, although congestion measures compare well with other cities. We were the first 20mph city in the country.

To put the City Council's financial capacity into context, the Council owns over £1.5bn of capital assets and incurs capital expenditure on the enhancement and acquisition of new capital assets. As at 31st March 2018, the number of assets in various categories was as follows:

Asset Type	Numbers of Asset
Council Houses (Flats & Houses)	14,700
Investment Properties	270
Heritage Assets	87
Libraries (7 Standalone / 1 mobile / 1 toy library / 1 Community centre)	10
Schools	22
Community Centres	16

Effective asset management plays a major role in delivering better outcomes for residents. As at 31st March 2018, the City Council has over £1.5bn of assets under its ownership as follows:

Asset Description	£m
Council Dwellings	632
Other Land & Buildings	288
Vehicles, Plant & Equipment	32
Infrastructure Assets (e.g. Sea Defences, Roads & Footways)	197
Community Assets (e.g. Parks, Guildhall and Civic regalia)	3
Investment Properties (Offices & Shops leased)	163
Surplus Assets (Assets being prepared for sale)	2
Assets under Construction	96
Intangible	1
Heritage	74
Total Assets' Value	1,488

In addition, the City Council has transferred the majority of its highways network to a commercial company to manage and maintain under the Highways PFI contract and this has a value of approximately £110m. At the end of this contract in 2029, the road network will be transferred back to the City Council.

When set against the context of available capital resources, providing the necessary investment in Capital Assets to deliver the most important needs, priorities and aspirations of the City Council will be extremely challenging. To achieve the vision for the City of Portsmouth, the Council will need to be selective in the assets that it retains, maintains and invests in as well as any new assets that it acquires or builds.

B - Short to Medium Term Capital Aspirations

KEY SHORT & MEDIUM TERM CAPITAL INVESTMENT NEEDS & PRIORITIES – 2019/20 to 2025/26

Corporate Plan	Nature of Capital Investment	Source of Funding			Expected Outcome	Target Completion Date
		Total Capital Cost £'000s	Borrowing Requirement £'000s	Other Funding		
Encourage regeneration built around our city's thriving culture	Cultural Investment	2,000		2,000	A city with a distinctive culture established as a national and international destination	2025/26
	Port Investment	2,000		2,000	Increasing income to both the council and the city	2025/26
	Cruise & Terminal Development	54,200	54,200		Increasing income to both the council and the city	2025/26
	Berth 2 Investment	4,550	4,550		Increasing income to both the council and the city	2025/26
	Ferry Port Infrastructure Investment	7,800		7,800	Protecting the land for port employment	2025/26
	Container Park Resurfacing	4,000	4,000		Protecting the land for port employment	2025/26
	Crane Replacement	8,800	8,800		Investing in major infrastructure to unlock the city's potential	2025/26
	Passenger Access	9,500	9,500		Investing in major infrastructure to unlock the city's potential	2025/26
Make our city cleaner, safer and greener	Air Quality	1,300		1,300	Improving air quality by tackling congestion and parking issues	2022/23
	Investment in Green Energy	1,400		1,400	Improving air quality by tackling congestion and parking issues	2022/23
	Utilities & Energy Management	6,000		6,000	Making sure there are more good quality homes that local people can afford, including more council homes	2025/26
	Local Transport Plan	18,200		18,200	Improving road safety across Portsmouth	On-going
	City Centre Development	85,000		85,000	Focusing on sustainable growth and communities	On-going
	Seafront Development	2,000		2,000	Working together to secure the future of Southsea from coastal flooding, whilst providing the opportunity for further development and use of the seafront	2025/26
Make Portsmouth a city that works together	Waste Facilities	8,963	8,963		Reduce Waste and Improve recycling	2022/23
	Capital Maintenance & Renewal of City Wide Leisure Facilities	4,000		4,000	To create a high quality urban environment to regenerate our city and spaces, encouraging sustainable development and stimulating economic growth	2022/23
	Extra Care Living	9,700	9,700		Protecting, supporting and safeguarding the most vulnerable children and adults in our communities	2024/25
Make Portsmouth a great place to live, learn and play	Tipner Country Park	1,500		1,500	A city where all residents and visitors have opportunities to enhance their health and well-being and to be involved in building happier and healthier local communities	
	Capital Maintenance & Renewal of City Wide Leisure Facilities	1,050		1,050	A city where all residents and visitors have opportunities to enhance their health and well-being and to be involved in building happier and healthier local communities	On-going
	Critical Education IT System Upgrade	750		750	Working to ensure we have a modern, flexible, highly skilled, supported and motivated workforce to provide services that meet the needs of our residents	
	General Housing Investment	9,000	9,000		Support and Sustain Local Authority Housing and Private Sector Housing	2025/26
	HRA Investment	110,000		110,000	Maintain and improve PCC Assets	On-going
	Landlord's Maintenance	27,000		27,000	Maintain and improve PCC Assets	On-going
	Local Amenities' Investment	200		200	A city where all residents and visitors have opportunities to enhance their health and well-being	2020/21
	School Places	29,000		29,000	Investing in school buildings to create additional places and provide learning environments that meet the needs of all children	2025/26
Make sure our council is a caring, competent and collaborative organisation	Critical Back Office IT System Upgrade	2,350		2,350	Working to ensure we have a modern, flexible, highly skilled, supported and motivated workforce to provide services that meet the needs of our residents	
	IT Infrastructure	4,000		4,000	Working to ensure we have a modern, flexible, highly skilled, supported and motivated workforce to provide services that meet the needs of our residents	2020/21
	Voluntary Sector Investment	275		275	Developing community response to significant issues in the City	2022/23
Grand Total		414,538	108,713	305,825		

C - Long Term Capital Aspirations

KEY LONG TERM CAPITAL INVESTMENT ASPIRATIONS – 2019/20 to 2029/30

Corporate Plan	Nature of Capital Investment	Source of Funding			Expected Outcome	Target Completion Date
		Total Capital Cost £'000s	Borrowing Requirement £'000s	Other Funding		
Encourage regeneration built around our city's thriving culture	HRA Investment	30.0	30.0		Maintain and improve PCC Assets	2029/30 & Beyond
	Port - Berth Enhancements	28.5	28.5		Investing in major infrastructure to unlock the city's potential	2026/29
	Regeneration of Key Sites	150.0		150.0	Focusing on sustainable growth and communities	On-going
	Tipner West (Super Peninsular)	unknown	unknown	unknown	Regeneration of Tipner West to provide both housing and employment	Early stages of development
Make Portsmouth a city that works together	Capital Maintenance & Renewal of City Wide Leisure Facilities	7.0		7.0	To create a high quality urban environment to regenerate our city and spaces, encouraging sustainable development and stimulating economic growth	2029/30 & Beyond
	Sea Defences	25.0		25.0	To create a high quality urban environment to regenerate our city and spaces, encouraging sustainable development and stimulating economic growth	2029/30 & Beyond
Make Portsmouth a great place to live, learn and play	Capital Maintenance & Renewal of City Wide Leisure Facilities	1.5		1.5	To create a high quality urban environment to regenerate our city and spaces, encouraging sustainable development and stimulating economic growth	2026/29
		3.0		3.0	A city where all residents and visitors have opportunities to enhance their health and well-being and to be involved in building happier and healthier local communities	2026/29
	Regeneration of Housing Stock Including Leamington and Horatia Houses)	unknown	unknown	unknown	Support and Sustain Local Authority Housing and Private Sector Housing	Early stages of development
	School Places	10.0		10.0	Investing in school buildings to create additional places and provide learning environments that meet the needs of all children	2026/29
Make sure our council is a caring, competent and collaborative organisation	Critical Backoffice System Upgrade	2.0		2.0	Working to ensure we have a modern, flexible, highly skilled, supported and motivated workforce to provide services that meet the needs of our residents	2026/29
Grand Total		257.0	58.5	198.5		

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Part II Borrowing and Investment

CONTENTS

- 1. Borrowing and Investing**
- 2. Investment in Commercial Properties Acquired Through the Capital Programme**
- 3. Skills and Knowledge**
- 4. Treasury Management Reporting**
- 5. Appendices**

PART II Borrowing and Investing

A key activity is to know when and how much to borrow when the Council requires additional cash, and investing when the Council has surplus cash. In this way, it manages the Council's cashflows. This activity is known as treasury management.

1. Borrowing and Investing

1.1 Borrowing

The principle source of borrowing is from the Public Works Loan Board, (PWLB) which is operated by HM Treasury. The PWLB offers a range of loan durations and principal repayment methods to Local Authorities. The PWLB represents a competitive source of borrowing for the Council.

Part I of this Capital Strategy identifies capital aspirations that may be included in future capital programmes. Prior to funding a scheme from borrowing, a full business case and financial appraisal is prepared that can satisfactorily demonstrate with good certainty that cost savings / additional income or value uplift of the development which will accrue directly the Council, will at least cover the cost of that borrowing on a sustained basis over the lifetime of the borrowing undertaken.

Outstanding long-term debt is reviewed regularly with a view to early redemption and rescheduling; premiums would be payable to the lender and consequently early redemption and rescheduling is rarely financially beneficial to the Council.

1.2 Affordability of Borrowing

In order to ensure future revenue budgets remain affordable, with the exception of debt repaid using capital receipts, the Council needs to be aware that capital expenditure financed from prudential borrowing incurs both interest costs and a **Minimum Revenue Provision (MRP)** for the repayment of debt. The Council has a policy of calculating MRP on an annuity basis. This means that MRP will start at a relatively low level but require increasing amounts of MRP to be set aside year on year, especially for assets with long useful economic lives. This creates a period of relatively low MRP during the early years when either income can be generated or savings can accrue.

Based on the current approved capital programme, it is estimated that the MRP will increase to the following amounts in the short-term.

2019/20	£1.1m
2020/21	£1.5m
2021/22	£1.6m

The inclusion of any further schemes in the capital programme financed by prudential borrowing will further increase the MRP.

1.3 Key Risks

There are risks with borrowing more than the Council can afford. In order to mitigate these risks, the **Chartered Institute of Public Finance and Accountancy (CIPFA)** has produced the **Prudential Code** for Capital Finance in Local Authorities, which is a statutory code governing local authority borrowing. The Prudential Code requires the Council to establish various indicators over a minimum of 3 years to demonstrate that its capital programme is both affordable and prudent. The Council publishes its **Prudential Indicators**, over a 5 year period, within its capital programme and the Council then reports its position against the prudential indicators at the end of each financial year.

In order to ensure that the borrowing required to finance the capital programme is affordable, the Council:

- estimates the ratio of its financing costs to its net revenue stream

In order to ensure that the Council's capital programme is prudent, the Council:

- publishes a capital programme which includes estimates of its underlying need to borrow as measured by its capital financing requirement
- is required to approve an **Authorised Limit** for external debt and an **Operational Boundary** when it approves its capital programme.

The **Authorised Limit** for external debt, as set by the City Council, 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 undertake borrowing 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

Whilst the **Authorised Limit** cannot be breached, 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.

1.4 Sensitivity Analysis

The Council's gross debt at 31 March 2018 was as follows:

	£m	£m
Fixed Rate Borrowing	479	
Finance Leases	1	
Private Finance Initiative (PFI) Schemes	68	
Sub Total - Fixed Rate Debt		548
Lenders Option Borrowers Option (LOBO) Loan	11	
Retail Price Index (RPI) linked loan	71	
Sub Total - Variable Rate Debt		82
Total Gross Borrowing		630

87% of the Council's borrowing has a fixed interest rate, but the Council does have two variable rate loans:

- The lender of the LOBO loan has an option to increase the interest rate every two years. The lender's next option is on 19 March 2019. If the lender does increase the interest rate the Council then has the option to repay the loan.
- The Council has £71m outstanding on a loan which links the instalments payable by the Council to the RPI. The Council has leased the Isle of Wight Ferry Terminal in White Heart Road to Wightlink on an RPI linked rent that mirrors the instalments payable on this loan mitigating the consequences of increases in RPI.

1.5 Minimum Revenue Provision (MRP) for Debt Repayment

Early in 2018 the Government issued revised statutory guidance on MRP requiring the repayment of all General Fund prudential borrowing to be provided for within 50 years. The following MRP policies (applied to calculating the MRP) are set out in the table below and are fully compliant with this policy. It is recommended the City Council approves the Annual Minimum Revenue Provision (MRP) for Debt Repayment Policies set out in the table below (**Recommendation 3.2(a)**).

Borrowing	MRP Methodology
<u>General Fund Borrowing:</u>	
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
Prudential borrowing excluding borrowing to fund long term debtors (including finance leases), investment properties and equity shares purchased in pursuit of policy objectives	Annuity over life of asset
Prudential borrowing to fund long term debtors	The repayments of principal are set aside to repay the borrowing that financed the original advance
Prudential borrowing to fund finance leases	The principal element of the rent receivable be set aside to repay the borrowing that financed these assets
Prudential borrowing to fund investment properties (under 50 years)	The repayment of unsupported borrowing will be provided for by setting aside the capital receipt when the property is disposed of unless the carrying (market) value of the property falls below the amount of unsupported borrowing. If this happens MRP will be made for the shortfall over the residual life of the property
Prudential borrowing to fund investment properties (over 50 years)	If holding period is over 50 years, the MRP will be on an annuity basis over the remaining period
Prudential borrowing to fund equity shares purchased in pursuit of policy objectives	25 year annuity
<u>Housing Revenue Account (HRA)</u>	No MRP debt will be provided in 2019 / 20. From 2020/21 it will be provided again for the HRA Self Financing Payment in equal instalments over 30 years. MRP is not provided for other HRA debt.

The Council applied the last of its supported borrowing 2011/12

* 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.

The Council revised its MRP policy in 2016/17. As a consequence, it highlighted that the previous methods used in the past have resulted in substantial over provisions of MRP from 2008/09 to 2015/16. 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 of MRP back into the General Fund balances in a single year.

1.6 Risk Appetite for Borrowing

It is often possible to borrow money short term at lower rates than it is possible to borrow long term. This often leaves the Council with two choices:

- Borrowing at either short term or variable interest rates. This would often enable the Council to borrow relatively cheaply, but the Council would need to accept that its borrowing costs may be volatile, as it exposes the Council to the benefits and dis-benefits of interest rate movements that can give rise to budget variances. This is a major risk when interest rates are expected to increase.
- Borrowing long term at fixed rates. This provides stable and predictable revenue costs of borrowing. Fixed interest rates avoid the risk of budget variances caused by interest rate movements but prevent the council from benefiting from falling interest rates on its borrowing. There is a risk that the Council could become locked into relatively high rates of interest if interest rates fall.

Due to the fact that debt servicing represents a significant proportion (13%) of the Council's net revenue budget, the Council attaches a high priority to a stable and predictable revenue cost of borrowing in the long term.

The Council's objective in relation to debt is as follows:

- To borrow as cheaply as possible for the long-term at a fixed rate

This means that the Council is not totally risk averse, and the Council may borrow either short term or at variable rates if there is a reasonable likelihood that long-term interest rates will fall or remain stable.

Treasury management staff will act flexibly to actively manage treasury risks within the scope of the Council's treasury management policy and strategy.

1.7 Timing of Borrowing

When the Council has surplus cash, this can be used to fund capital expenditure financed by borrowing in the short to medium term. This will result in a reduction in interest earned through the investment of surplus cash, but this can be more cost effective than borrowing the required funds straight away, as investment income earned is often less than the interest payable on borrowing. However, at a point in the future there will no longer be surplus cash and borrowing will need to be undertaken. In deciding when to borrow externally, forecast changes to interest rates will be taken into account.

A forecast of how the Council's surplus cash is anticipated to reduce over the next 20 years, is shown in Graph 1 below.

1.8 Net Loans Requirement

The net loans requirement is the Council's **underlying need to borrow** less its surplus cash. This would give a neutral Treasury Management position.

The Council's surplus cash is presented on the Council's balance sheet at 31 March 2018 as follows:

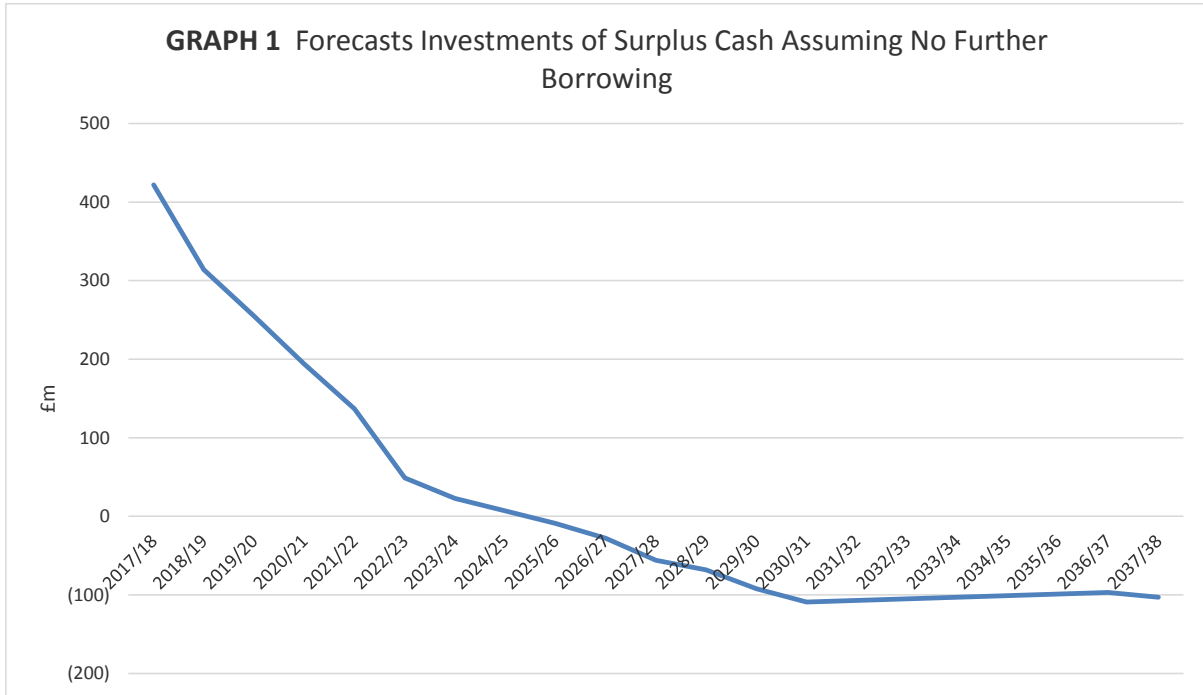
	£m
General Reserves (unallocated funds belonging to the General Fund and the Housing Revenue Account (HRA))	50
Capital Grants	85
Capital Receipts	13
Earmarked Revenue Reserves	154
Over Borrowing	55
Excess of Creditors over Debtors	21
MRP	44
Total	422

Most of the Council's cash flows are broadly stable with two notable exceptions.

To take advantage of exceptionally low interest rates, the Council has borrowed early to finance its future approved capital expenditure within the capital programme. Some of these borrowings have not yet been used to finance capital expenditure, already approved within the capital programme and the Council is therefore currently "over" borrowed. The Council is forecast to become under borrowed by 31 March 2019 and the amount of under borrowing is forecast to increase in future years. The rate of increase in the Council's under borrowing in future years will be dependent on the amount of borrowing required to finance the capital programme.

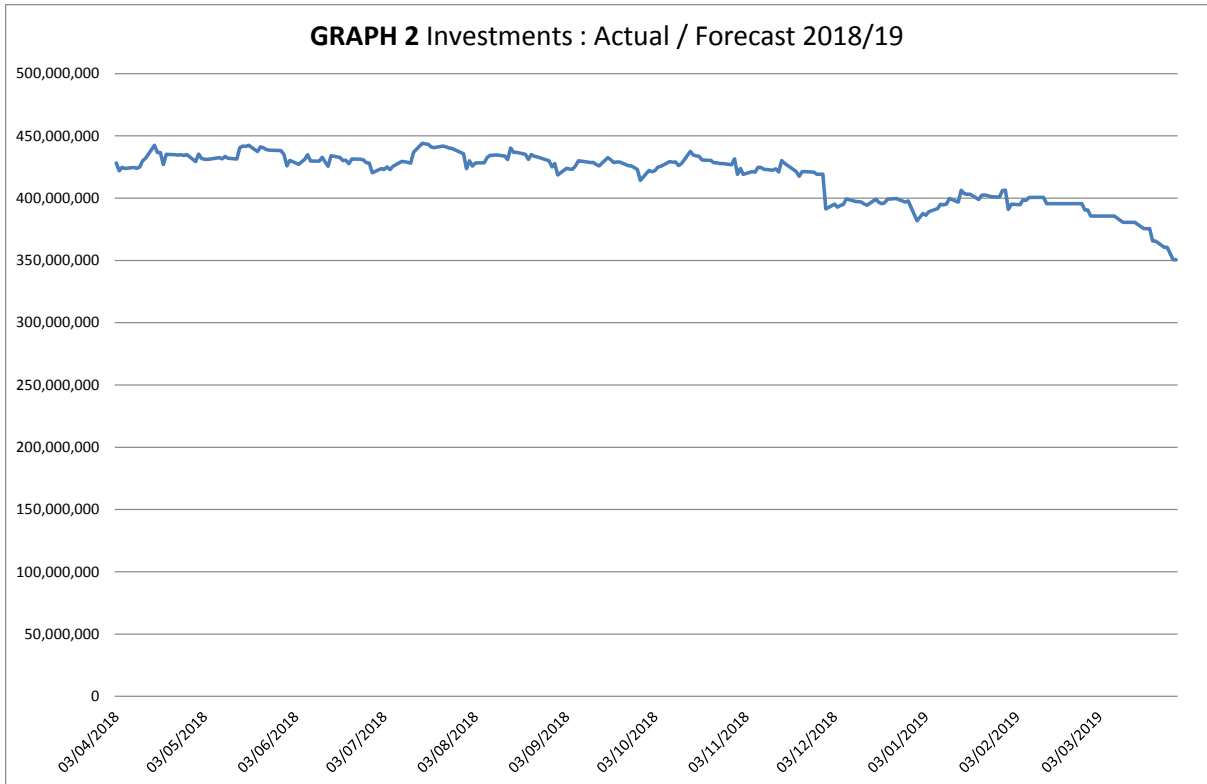
During the summer of 2018, an exercise was undertaken to identify the potential capital requirements over the next 10 years. This identified that there is likely to be a substantial borrowing requirement in future years.

Graph 1 below shows the Council's forecast investments of surplus cash assuming no further borrowing to fund the capital programme.



1.9 Core Cash

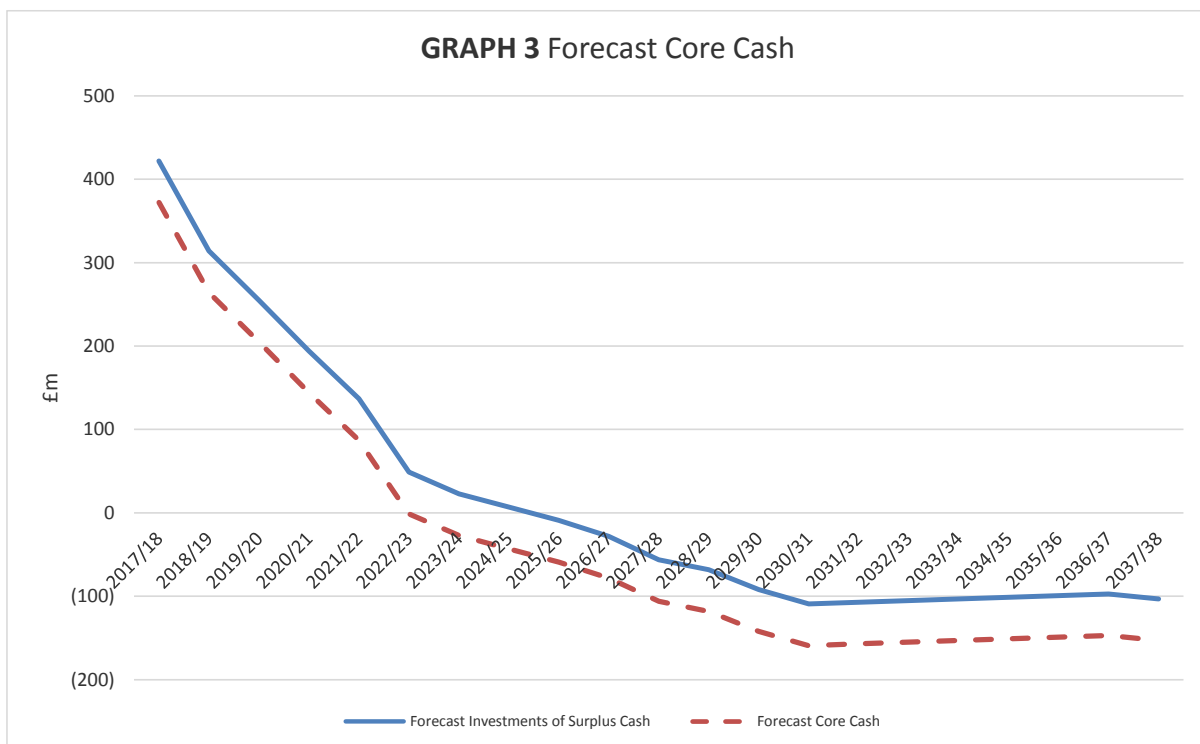
It can be seen from the graph 2 below that there have been significant variations in the amounts of cash invested, generally with a reduction in investments of cash towards the end of the financial year. In order to ensure that there is sufficient cash to fund variations in income and expenditure through the year it is necessary to hold a liquidity allowance. As the available cash balance falls over the medium term - as per Graph 1, maintaining the Council's liquidity level is critical. Graph 2 shows that the Council's liquidity levels should be set between £0m and £75m and so a minimum liquidity level of £50m is recommended.



Although there is volatility in the Council's investments of surplus cash, as shown in graph 2, much of the surplus cash will remain into the medium term, and this is known as **core cash**.

Only the **core cash** can be used to fund capital expenditure financed by borrowing in the medium term or placed in medium to long term investments. This is shown in graph 3 below.

The upper line in graph 3 below is the forecast reduction in **surplus cash** assuming no further borrowing as shown in Graph 1. The lower line is the forecast core cash, and is the amount of surplus cash expected to be available that could be used either to fund capital expenditure financed from borrowing or to invest using treasury management powers in the medium term. The difference between the 2 lines is the fluctuation in liquidity shown in graph 2 above.



If the Council uses its surplus cash to meet the cost of its capital programme, the Council will have an underlying need to borrow to replace that cash in the future. This is known as the **Capital Financing Requirement (CFR)**. The CFR increases when capital expenditure is financed by borrowing and reduces when funds are set aside to repay debt (known as MRP).

1.10 Capital Financing Requirement (CFR)

As at 31 March 2018, the Council's CFR was £575m.

The Council has 4 categories of borrowing:

- lenders
- leases
- private finance initiative (PFI) schemes
- debt administered by Hampshire County Council (HCC) following the transfer of functions to the City Council.

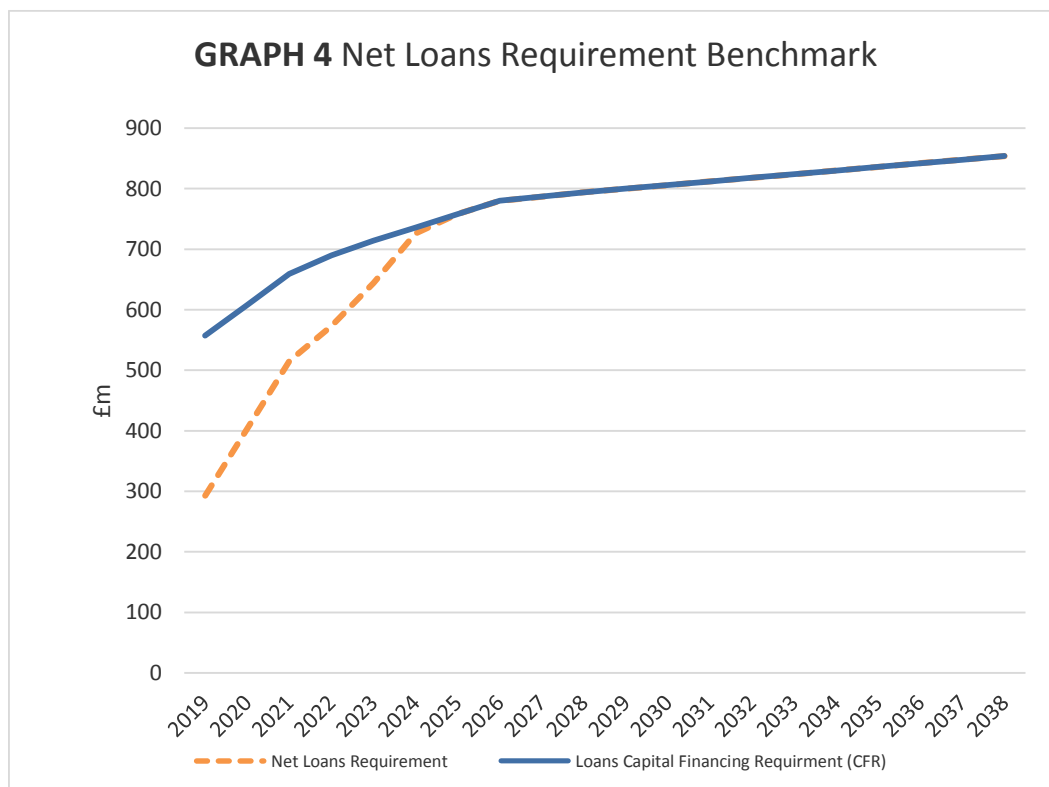
At 31 March 2018, £82m of the Council's current borrowings had been undertaken by third parties indirectly through finance leases, private finance initiative (PFI) schemes and debt administered by HCC following the transfer of functions to the City Council.

In order to measure the Council's CFR for Treasury Management decisions, it is necessary to deduct the £82m of borrowing that was undertaken by third parties on the Council's behalf. This is known as the **Loans CFR**. The Council's **Loans CFR** at 31 March 2018 was £493m.

1.11 Net Loans Requirement to fund the Capital Programme, (excludes PFI schemes and leases)

The Council's net loans requirement is effectively its underlying need to borrow as measured by its loans CFR less its forecast core cash. This is shown in the graph 4 below.

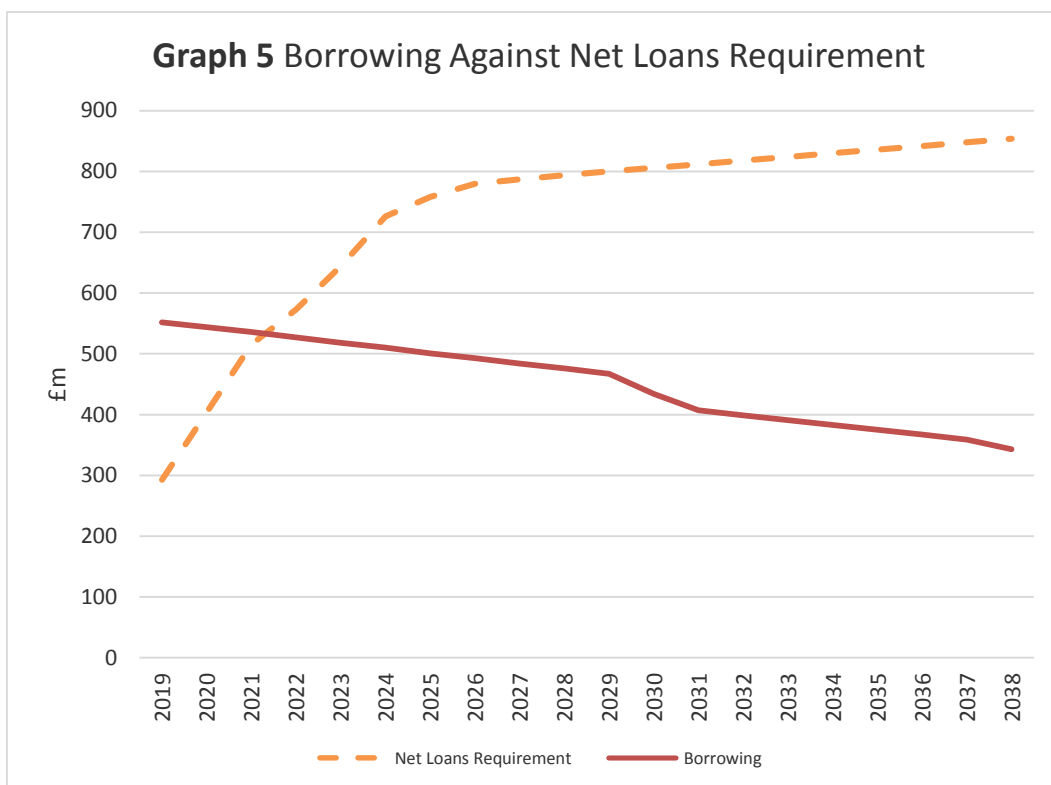
The 2 lines merge together on Graph 4 as core cash is spent. At this point the net loans requirement becomes the CFR.



The gap between the CFR and the net loans requirement is the Council's forecast core cash which could be used to finance capital expenditure that would otherwise have been financed from external borrowing (in the short to medium term). This is often referred to as **internal borrowing** as the Council would effectively be borrowing cash from its own reserves until the Council's cash flow position required it to borrow externally.

The Council will use the net loans requirement in graph 4 as a neutral position to measure against its actual borrowing. This does not mean that the Council's actual borrowing will be the same as the benchmark. The Council needs to be monitoring the economic cycle 5-6 years in advance / over the medium term - as decisions regarding the optimum time to borrow will also be informed by economic circumstances. There might be sound treasury management reasons to borrow more than the neutral position such as securing low interest rates or reasons to borrow less than the neutral position such as an expectation that interest rates will fall in the future.

It can be seen in the graph 5 below that the Council's existing borrowing exceeds its net loans requirement in 2018/19. If the Council does not undertake further external borrowing, actual borrowing will fall below the net loans requirement benchmark in 2021/22.



The Government's statutory guidance requires a minimum revenue provision (MRP) to be charged to the General Fund revenue account for internal borrowing as well as external borrowing.

1.12 Investment of Surplus Cash

All council cash investments have been in accordance with the council's Treasury Management Policy, approved by Full Council in March 2018.

The Council is forecast to have a significant amount of core surplus cash after internal borrowing has been taken into account until 2021/22. The Council expects to be able to invest some of its cash long term (in excess of 365 days). The Council expects to make a 1.70% return on these investments in 2019/20. This is forecast to increase in future years with expected movements in interest rates. The income from long term investments of cash will contribute 2.4% of the funding for the estimated net cost of the Council's General Fund (GF) services in 2019/20. It is recommended that the Council limits the amount of net services expenditure that it funds from long term investment income to 3.6%. The contribution that long term investments make to funding the Council's GF services is forecast to reduce to nil in 2023/24 as the Council's cash balances reduce.

1.13 Risk Appetite Statement for Investing Surplus Cash

The Council's objectives in relation to investment can accordingly be stated as follows:

*Sums are invested with a diversified range of counter parties using the maximum range of financial instruments (*footnote) consistent with a low risk of the capital sum being diminished through movements in market prices.*

* Financial instruments include term deposits, certificates of deposits, corporate bonds, money market funds, structured notes

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, **Registered Social Landlords (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 will invest its surplus cash to provide sufficient liquidity to meet its cash flow needs, but is mindful that the value of its investments will fall in real terms unless investment returns are at least equal to inflation. In order to earn investment returns in excess of inflation on as much of its surplus cash as possible, the Council will invest as much as it can in longer term higher yielding investments whilst maintaining sufficient liquidity to meet its cash flow needs.

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 Council may invest in externally managed pooled investment vehicles such as corporate bond funds, equity funds, property funds and multi asset funds, if the Council has cash for a term that is sufficient to cover cyclical movements in prices. The Government has made regulations that will prevent fluctuations on the capital value of these funds from impacting on the General Fund prior to disposal for at least 5 years. Fluctuations in the capital value of these funds will impact on the General Fund in 5 years' time unless the regulations are extended.

1.14 Due Diligence

The Council initially identifies suitable investments using credit ratings from Fitch, Moody's, and Standard and Poor. Where possible, credit ratings are compared to insurance premiums against a counter party defaulting. Insurance premiums against a counter party defaulting can be compared to a widely used index of the market (ITRAAX). If the market has concerns about a borrower, it should be reflected in a higher insurance premium. Although credit ratings are supported by an in depth analysis of the borrower, insurance premiums provide a more up to date indicator of a borrower's credit worthiness. Prior to making investments, any news relating to the borrower is also taken into account.

Other sources of information that is relevant to particular sectors is also taken into account either as a substitute for credit ratings and insurance premiums in sectors where these are not available or to supplement credit ratings and insurance premiums. Examples of this are the viability ratings assigned to larger registered social landlords (RSLs) by the Homes and Communities Agency (HCA), and data sets published by the Building Societies Association

For further detail on the Council's investment criteria, see the Treasury Management Policy.

2. Investment in Commercial Properties Acquired Through the Capital Programme

According to the CIPFA Treasury Management Code, commercial properties acquired through the capital programme are regarded as investments in addition to investments of surplus cash

2.1 Statutory Guidance

The Government issued revised statutory guidance on local government investments early in 2018 coming into effect from 1st April 2018. The guidance requires Councils not to borrow to acquire investment property portfolios outside their economic area in order to generate profits.

The Government's revised statutory guidance also requires local authorities to present a range of indicators to allow members and other interested parties to understand the total exposure from borrowing and investment decisions. It is recommended that the indicators contained in Appendix D be approved. The Government's statutory guidance requires the Council to consider the long term sustainability risk implicit in becoming too dependent on commercial income or in taking out too much debt relative to net service expenditure. In particular, the Government's statutory guidance requires the City Council to set limits that cannot be exceeded for gross debt compared to net service expenditure, and for commercial income as a percentage of net service expenditure. It is recommended that if these limits are exceeded, the Director of Finance and Information Technology (Section 151 Officer) bring a report to the Cabinet and City Council.

2.2 Activity in the Investment Property Market

Prior to this guidance coming into effect, as at 31 March 2018, the Council has spent £116.8m on acquiring commercial properties outside the Portsmouth economic area solely to generate income to support the services that the Council provides. The acquisition of these investment properties was financed from borrowing at an annual cost of £2.3m. These properties generate a gross income of £6.7m per annum before interest costs equivalent to 5% of the Council's net General Fund expenditure.

The Council's capital programme provided for £182.9m for the acquisition of commercial properties.

- a. £128.0m of this budget was spent by 31st March 2018
 - I. £11.2m on Portsmouth Retail Park and
 - II. £116.8m outside the Portsmouth economic area, leaving
- b. £54.9m to be spent in 2018/19 and subsequent years.

In 2016/17, the Council borrowed to take advantage of available cheap borrowing with a view to acquiring a £182.9m commercial property portfolio. Having regard to the guidance, the Council has taken a risk based proportionate decision to continue with its proposals for commercial property investment (but only up to the borrowing limit approved prior to the introduction of the guidance - see below) where those investments meet very specific criteria. The key reasons for continuing to pursue such a strategy are:

- The Council had previously approved and borrowed funds for its existing properties and to enable further acquisitions of investment properties to create a £183m portfolio.

- Its acquisitions to date were predicated on a whole portfolio amounting to £183m. Should the Council cease its investment plans, the Council would be left with an investment portfolio that was not appropriately balanced in terms of the value of the assets held (ie. too large in relation to the size of the overall portfolio) and not adequately risk diversified across geography or economic sector
- The approved strategy included strict criteria to be used when deciding the property to acquire and included the following:
 - To provide long term rental returns and growth
 - To acquire the best property for the sector in an ideal location with long term income from high quality tenants
 - All investments must initially provide income equal to or above the Council's required rate of return
 - Prioritising properties that yield optimal rental growth and stable income
 - Protect capital invested in acquired properties
- The commercial property investment portfolio is an integral part of the overall medium term financial strategy to deliver £7.5m of savings over the next 3 years, without the investment income further service reductions will be necessary
- The Council does not intend to increase the size of its commercial property investment portfolio beyond £183m
- An earmarked reserve exists to guard against any reduction in the fair value of property assets
- The Council maintains general reserves at levels that have been based on all known and expected financial risks and their likelihood of occurrence

All such acquisitions require a business case and full financial appraisal. All previous acquisitions were approved by the Director of Property and the Section 151 Officer in consultation with the Leader of the City Council and the Cabinet Member for PRED.

A detailed business case and financial appraisal including building surveys, environmental surveys and a formal independent Red Book valuation are conducted prior to purchase. In addition, properties are independently revalued on an annual basis.

The Commercial Property Portfolio is managed by an in house fund manager and his team, all of whom are qualified members of the Royal Institute of Chartered Surveyors.

An annual report on the Property Investment Fund is prepared for the Cabinet and City Council by the Assistant Director for Property and Investment. This report covers the composition of the fund, rental income, acquisitions, current strategy, and capital growth.

2.3 Investment Indicators

Gross General Fund (GF) Debt to GF Net Service Expenditure

The Council's GF borrowing is forecast to be 2.6 times its GF net service expenditure in 2019/20. It is recommended that GF borrowing be limited to 3.2 times GF net service expenditure in 2019/20. This will allow further borrowing to be undertaken if it is financially advantageous.

Income from Investment Properties to General Fund (GF) Net Service Expenditure

The Council will depend on Income from investment properties to fund 5.5% of its estimated GF net service expenditure in 2019/20. In order to ensure that the Council does not become over dependent on income from investment properties it is recommended that no more than 5.9% of GF net service expenditure will be funded from income from investment properties.

Interest Cover

The Council's investment property portfolio has been financed from borrowing. There is therefore a risk that income from investment properties may be insufficient to pay the interest incurred on the associated debt. However, the net income from the investment property portfolio exceeds the cost of the associated interest 2.8 times. The interest cover is greater than this in other years. Interest cover dips in 2019/20 due to costs associated with refurbishing one of the properties.

Loan to Value Ratio

The Council's investment property portfolio has only recently been acquired, but the market value of the properties is thought to be just sufficient to repay the borrowing that financed their acquisition.

Forecast Income Returns

The investment property portfolio is expected to make a net return of 3.3% against the value of the properties in 2019/20. There is a dip in the net income from the investment property portfolio in 2019/20 due to one of the properties being refurbished.

Gross and Net Income from Investment Properties

The investment property portfolio is expected to generate a retained income of £5.7m in 2019/20. There is a dip in the retained income from the investment property portfolio in 2019/20 due to one of the properties being refurbished.

External Operating Costs

External operating costs are higher in 2019/20 due to costs being incurred to refurbish one of the properties.

3. Skills and Knowledge

The issues covered by this report are in their nature complex so all the Council's senior finance staff are chartered accountants. Where the Council does not have the necessary in-house skills and services, it employs Link Asset Services to provide interest rate and economic forecasts, and counter party information.

The Finance Manager (Technical and Financial Planning) who manages the treasury function also 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.

At 31 March 2018 £36,910,000 of the Council's investments of surplus cash were being managed externally consisting of £29,060,000 invested in instant access money market funds and £7,850,000 invested in corporate bonds that were being externally managed.

The City Council is also a member of Chartered Institute of Public Finance and Accountancy's (CIPFA) Treasury Management Network which provides training events throughout the year. Some training is also provided by Link Asset Services. Additional training for investment staff is provided as required.

Councillors are offered training by an external consultant to provide them with an over view of treasury management after the local government elections.

4. Treasury Management Reporting

Treasury management has been defined by the Chartered Institute of Public Finance and Accountancy (CIPFA) as "the management of an organisations borrowing, 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". Put simply, the Council's approach to cash flow includes:

- borrowing when the Council requires more cash
- Investing when the Council has surplus cash

In addition to the Capital strategy, the Council also has a Treasury Management strategy. The Treasury Management Strategy contains:

- the Treasury Management Indicators that set the boundaries within which treasury management activities will be undertaken and
- an Annual Investment Strategy that specifies how surplus cash will be invested

To demonstrate good governance, all treasury management reports are taken to the Governance and Audit and Standards Committee and all Treasury management reports requiring policy decisions are taken to the Cabinet and the City Council.

Report	Reporting of Compliance & Performance in Previous Period	Policy Changes	Audience
Treasury Management Policy		Yes	G&A&S Committee Cabinet City Council
Treasury Management Quarter 1 Monitoring	Yes		G&A&S Committee
Treasury Management Mid-Year Review	Yes	Yes	G&A&S Committee Cabinet City Council
Treasury Management Quarter 3 Monitoring	Yes		G&A&S Committee
Treasury Management Outturn	Yes		G&A&S Committee

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INVESTMENT INDICATORS

Gross General Fund (GF) Debt to GF Net Service Expenditure						
This provides an indication of the Council's financial strength and its ability to repay its debts. Statutory government guidance						
	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate
Forecast	266%	258%	248%	236%	228%	219%
Recommended Limit	319%	319%	317%	312%	299%	292%

Forecast Investment Income to General Fund Net Service Expenditure						
This provides an indication of how dependent the Council is on commercial income and other long term investments to fund its						
	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate
Investment Properties	5.5%	5.5%	5.8%	5.7%	5.5%	5.4%
Long Term Treasury Management Investments	1.8%	2.4%	1.8%	1.5%	0.5%	0.0%
Overall Investment Income	7.3%	7.9%	7.6%	7.2%	6.0%	5.4%

Limit on Investment Income to General Fund Net Service Expenditure						
Statutory government guidance requires a limit to be placed on the Council's dependence on commercial income and other long						
	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate
Investment Properties	6.0%	5.9%	6.4%	6.2%	6.0%	5.9%
Long Term Treasury Management Investments	2.6%	3.6%	2.7%	2.2%	0.8%	0.0%
Overall Investment Income	8.6%	9.5%	9.1%	8.4%	6.8%	5.9%

Interest Cover						
This provides a measure of the risk that net income from investment properties will be insufficient to pay the interest on the debt						
	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate
Investment Properties	285%	279%	299%	298%	301%	300%

Loan to Value Ratio						
This indicator shows whether the market value of the investment properties is likely to be sufficient to repay the debt that financed						
	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate
Investment Properties	1.0	1.0	1.0	1.0	1.0	1.0

Forecast Income Returns						
This is a measure of the achievement of the portfolio of properties.						
	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate
Investment Properties	3.97%	3.32%	3.70%	3.67%	3.72%	3.72%
Long Term Treasury Management Investments	1.32%	1.70%	1.70%	2.18%	2.13%	1.65%

Gross and Net Income from Investment Properties						
This indicator shows how much of the gross income is being retained by the Council.						
	2018/19 Estimate £'000s	2019/20 Estimate £'000s	2020/21 Estimate £'000s	2021/22 Estimate £'000s	2022/23 Estimate £'000s	2023/24 Estimate £'000s
Gross Income	9,151,854	9,151,854	9,576,854	9,576,854	9,576,854	9,576,854
Net Income	5,887,976	5,708,976	6,346,976	6,303,976	6,392,976	6,382,976

External Operating Costs						
This indicator shows the trend in operating costs over time, as the portfolio expands.						
	2018/19 Estimate £'000s	2019/20 Estimate £'000s	2020/21 Estimate £'000s	2021/22 Estimate £'000s	2022/23 Estimate £'000s	2023/24 Estimate £'000s
Investment Properties	80,000	259,000	46,000	89,000	-	10,000

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Term/Abbreviation	Definition/Description
Annuity Method	A fixed sum of money paid each year
Asset	An item of value to the City Council, in monetary terms, from which economic benefits are expected to flow. Current assets are expected to be consumed within the current financial year, for example cash or stock, whereas non-current assets provide a benefit to the City Council for longer than the current financial year, for example a building.
Asset Strategy	The long-term strategy for moving towards the optimal asset portfolio, which includes strategies for: purchasing and constructing new assets / investing in and replacing existing assets / transferring assets to other organisations / disposing of assets that are surplus to requirements
Auditors	External auditors; EY (formerly known as Ernst & Young). Main contacts are: David White and Jack Dunkley. For contact details please ask TFP.
Authorised Limit	
Balance Sheet	Summary of the value of financial assets, liabilities and reserves held by the City Council, as at a single point in time (in our case 31st March).
Borrowing in Advance of Need	Borrowing in excess of the underlying need to borrow
Capital	Term used in relation to assets held for the long term (greater than 1 year).
Capital Aspirations	Potential capital schemes that have yet to be included in the Capital Programme and have resources earmarked to them
Capital Expenditure	Expenditure used for capital purposes. Includes the acquisition, construction, replacement or enhancement of for example; land, buildings, plant & machinery, and vehicles.
Capital Financing	Funds used to pay for capital expenditure. Includes; borrowing, direct revenue financing, capital receipts, capital grants, and reserves.
Capital Financing Requirement (CFR)	A measure of the Council's underlying need to borrow.
Capital Grants	A sum of money given by a government to an organisation to either acquire or enhance assets. Some of which are ring-fenced for particular activities or are dependent on meeting certain conditions
Capital Receipts	A non-recurring incoming cash flow originating from one of the following: the disposal of a fixed asset; cash from the sale of shares in a business, or cash from the issuance of a debt instrument
Capital Programme	A set of capital projects that an organisation plans to undertaken within a specified timescale, typically 3 to 5 years
Capital Strategy	The Capital Strategy is a high level plan that sets out the Council's approach to capital expenditure over the short, medium to long term.
CIES	Comprehensive Income & Expenditure Statement - This is the revenue account for the City Council which shows the accounting cost in the year of providing services along with how this is financed. Equivalent to a profit & loss account in the private sector.
CIPFA	The Chartered Institute of Public Finance and Accountancy - is the leading accountancy body for the public services providing education and training in accountancy and financial management
Code	The Code of Practice on Local Authority Accounting in the UK. This has been prepared based on International Financial Reporting Standards, International Public Sector Accounting Standards and UK Accounting Standards, adapted for use in local government. Under the Local Government Act 2003 the Code constitutes proper accounting practice which we are required to follow.
Commercial Properties	Properties from which businesses are conducted. The Council may acquire these properties as investments to generate income.
Core Cash	The minimum amount of cash that the Council expects to have in the medium term after allowing for daily fluctuations in cash balances due to the timing of receipts and payments.
Corporate Asset Management Plan	identifies current and future needs and priorities of services and seeks

	to provide a series of actions to ensure the Council has the right assets, in the right condition and in the right location
Cost of Carry	
Corporate Asset Management Plan	Seeks to align the asset portfolio with the needs of the council. The assets required to deliver the Council's objectives should be expressed in a medium /long term plan
Creditors	Amounts owed by the City Council to other bodies for goods and services received in the current financial year but which were not paid in the current financial year.
Debtors	Amounts owed to the City Council from other bodies for goods and services provided in the current financial year but which were not paid for in the current financial year.
Earmarked Revenue Reserves	Set aside for a certain stated purpose
External Operating Costs	The cost of services acquired externally to operate the investment property portfolio.
Financial Year	1 st April to the 31 st March
Financial Appraisal	Assess the viability of capital expenditure based on the direct effects of the Council's cash flow.
FY Report	Financial Year Report - previously run to provide net requirement portfolio and SERCOP entries.
General Reserves	General reserves can be applied to fund either revenue or capital expenditure and are held for two main purposes. Firstly, they act as a general contingency against unanticipated expenditure and the potential to fall into deficit. Secondly, as a means of "smoothing out" any shortfalls between the overall amounts of funding that the City Council receives against the costs of delivering stable service levels.
Governance and Audit and Standards Committee	Council committee to oversee, maintain and strengthen high standards of conduct in public office
GL	General Ledger - module of the EBS Oracle system for recording accounting entries relating to the City Council's assets, liabilities, reserves, revenue and expenses.
IAS	International Accounting Standard.
IFRS	International Financial Reporting Standard - Accounting standards prepared by the International Accounting Standards Board which apply to the City Council, albeit via the Code.
Income Generation Strategy	The Income Generation Strategy is designed to both increase income to the Council as well as increase funding from Council Tax, Business Rates and Government Grants.
Interest Cover	The number of times net income from the investment property portfolio exceeds the interest payable on the borrowing used to acquire those properties.
Invest to Save	Investing money in the early years of a scheme to save money in future years
Internal Borrowing	Using the Council's cash backed reserves, such as general balances and earmarked reserves, to finance capital expenditure in the short to medium term; effectively borrowing from those reserves until externally borrowing is undertaken to finance that capital expenditure
Loan to Value Ratio	The number of times the market value of an investment property exceeds the outstanding loan debt that financed the acquisition of the property
Long term borrowing	Borrowing for a term in excess of a year
Liquidity	Funds available to meet the Council's commitments
Liquidity Allowance	An allowance to provide for fluctuations in the Council's cash balances caused by the timing of receipts and payments. A liquidity allowance is deducted from the Council's cash balances to derive the Council's core cash that can be used to either fund capital expenditure in the short term to medium term or to invest in the medium term.

Loans Capital Financing Requirement (CFR)	The Council's underlying need to borrow as measured by its CFR excluding debt financed through finance leases and private finance initiative (PFI) schemes, and debt administered by Hampshire County Council following the transfer of services under local government reorganisation. The loans CFR is thus the underlying need to borrow that the Council must finance itself by undertaking long term borrowing, either now or at some time in the future.
Materiality	Accounting concept relating to the threshold after which financial information becomes relevant to decision making needs of users, such that the omission or misstatement of the information could influence users' decisions.
Medium Term Strategy (MTS)	Sets out the revenue spending plans that deliver the longer term vision and shorter term priorities of the Council
Mid Term Report	Treasury Management report containing core quarterly information and policy changes shared with Cabinet & Council
Minimum Revenue Provision (MRP)	Cash set aside for the repayment of long term debt
Net Loans Requirement	The net loans requirement is the Council's underlying need to borrow as measured by its loans capital financing requirement (CFR) less its core cash.
Neutral Treasury Management	This is measured by the net loans requirement and is a target amount of external borrowing prior to taking account of other factors such as interest rate expectations.
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.
Options Appraisal	Reviews options and analysis of their relative costs and benefits. It should help develop a value for money solution that meets the objectives of the projects.
Out Term Report	Year End Treasury Management report containing core quarterly and capital financing information, shared with Cabinet & Council
Over Borrowing	When the Council has borrowed in advance of incurring capital expenditure to be financed by borrowing
Payable	IFRS term for creditor.
Provision	Amounts potentially owing to a third party due to a known past event but where the existence of the obligation is dependent on the occurrence of uncertain future events and a reliable estimate can be made of the value of the potential obligation. Recognised in the balance sheet as a future liability.
Prudential Code	The Prudential Code for Capital Finance in Local Authorities. This is statutory guidance published by the Chartered Institute of Public Finance and Accountancy (CIPFA) which governs borrowing by local authorities
Prudential Indicators	These are limits set by the Council which set the boundaries within which the Council will undertake its capital financing activities.
Public Works Loan Board (PWLB)	This is an executive agency of the Government that lends to local authorities at below market interest rates.
Quarterly Reporting	Treasury Management report containing core quarterly information shared with Governance & Audit
Receipts in Advance	Amounts from customers that have been received in advance of the financial year to which the amount relates to. Recognised in the balance sheet as a future liability.
Receivable	IFRS term for debtor.
Revenue	Income received in the course of normal City Council activities.
SERCOP	Service Reporting Code of Practice.
Surplus Cash	Cash that has been received but not yet spent.
Treasury Management Strategy	Sets out the boundaries within which the treasury management activities will operate. Treasury management is the management of the Council's cashflow and either borrowing when more cash is required or investing when the Council has surplus cash
TFP	Technical & Financial Planning.
Under Borrowing	When the Council has borrowed less than its underlying need to borrow as measured by its capital financing requirement CFR. When the Council does

	this, it is financing capital expenditure in the short to medium term from its cash backed balances. This is known as internal borrowing.
Underlying need to borrow	The Council's underlying need to borrow is its capital expenditure that has not been charged to revenue balances, or provided for by applying capital grants and contributions or capital receipts. As such the Council's underlying need to borrow increases when capital expenditure is financed by borrowing and decreases when cash or capital receipts are set aside to repay debt. The Council's underlying need to borrow is measured by its capital financing requirement (CFR)
WGA	Whole of Government Accounts - A single set of accounts consolidating the financial activities of the UK public sector (approximately 3800 organisations).

Agenda Item 13

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Portsmouth
CITY COUNCIL

Title of meeting:	Meeting of the Cabinet
Subject:	Access Policy at the Camber Dock (not to be confused with ongoing rights of way matter at the Camber Dock)
Date of meeting:	12 March 2019
Report by:	Michael Lawther, City Solicitor
Wards affected:	St Thomas

1. Requested by

Cabinet Member for Planning, Regeneration and Economic Development ("PRED")

2. Purpose

To update the Cabinet on the outcomes of consultation on a draft Access Policy at the Camber ("the Access Policy").

3. Information Requested

The Council has consulted on a proposed Access Policy at the Camber. The Access Policy was produced to assure the public that the Council is committed to maintaining public access to the Camber Dock Area. The Access Policy clarifies the expectations of both leisure visitors and maritime users.

The consultation began with Ward Councillors circulating the Access Policy among members of the public that they believed would have an interest. On 6 December 2018, Cllr Rob Wood, the City Solicitor and Planning & Highways Solicitor attended a public meeting of the Old Portsmouth and Gunwharf Quays Neighbourhood Forum to explain the policy and invite the views of residents.

An online consultation opened on 11 December 2018 and closed at midnight on 20 January 2019. The 10 responses to the online consultation are summarised as follows:

Date Rec'd	Position on policy - For/Against/Other	Comments
12/12/18	For	Access Policy is helpful for setting expectations of users; Would prefer to see an emphasis on PCC's continued and enduring commitment to allow public access; would prefer the document to acknowledge the value of the area as a flat surface providing valuable and interesting views and a commitment from the Council to safeguard this.

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17/12/18	Other	Asks about procedure on consultations; asks who the decision maker will be in relation to any adoption of the policy; intention to advertise the consultation otherwise than by the internet.
19/12/18	For	Full support but would like to see RS Divers' office moved back from the quayside.
19/12/18	Against	Views the Access Policy as an "incompetent diversion"; believes that health and safety concerns are a "red herring to try and deny access to the public" and an attempt to avoid producing an order as directed to by the Secretary of State.
04/01/19	For	Feels that access to the Camber is important and a right of way will ensure this. Happy with the proposed Access Policy but concerned that it may not be respected in future, noting anecdotally that barriers are occasionally present without obvious reason. Need for common sense approach by all.
13/01/19	Against	Lack of rationale for the Access Policy in relation to 1) not demanded by residents or businesses; 2) doesn't appear to be consistent with PCC's approach to other similar areas in the city; 3) the policy adds no new powers in law. The policy and accompanying plan does not accurately detail the different proprietary interests and highways in the policy area. Access Policy is not precise and could be construed as banning under 18s from highways, closure of highways and closure of access to public house. Enforcement of the Access Policy not addressed Confusion likely to result if the Access Policy is adopted around the same time as the Definitive Map Modification Order. Could be seen to imply that access to the Camber has always been permissive.
14/01/19	Against	Historic concerns around development at the Camber. Acknowledges that warning signs re: health and safety already exist at the Camber without attempting to restrict access Enforceability - if swimming cannot be controlled effectively, how can access by under 18s? Proposed Access Policy suggests that access is permissive rather than by right. "Looks rather more like an exclusion policy than an access policy"
18/01/19	Other	Acknowledges a history of access to the Camber and that the area is obviously a working dock with relevant health and safety concerns. Feels that the area should be public and unrestricted and that attempts have been made to discourage public access. Doesn't comment on the policy.
18/01/19	Against	Historically unhappy with the Ben Ainslie building "dismayed" at proposed limitations to access proposed by the Access Policy
19/01/19	Against	Timing of Access Policy in relation to Definitive Map Modification Order makes the Access Policy "untimely,

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		<p>irrelevant and potentially undermines or prejudices a public inquiry following the publishing of the Order". Advertising consultation on the website only denies opportunity for wider engagement. Concern that the Access Policy alters existing rights at the Camber Access Policy does not account for the Definitive Map Modification Order process Ineffectiveness of banning under 18s and potential for discrimination against under 18s. Enforcement not clear. Concern that motorised scooters etc. would be prohibited. Asks whether the Access Policy would be applied to other areas Policy is not clear in relation to extent of highway and leased land.</p>
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A comment/compliment/complaint form was submitted to the Council relating to the access policy outside the consultation channel. The individual stated that they felt the Access Policy is "a greatly flawed document. It is more of a no-access policy as far as I can see"; asserted that a right of way has been in place at the Camber for over 100 years without hindrance to the workings of the dock; expressed their understanding is that the Book of Reference in the 1959 Portsmouth Corporation Act describes the town quay as a public highway which should avoid the need for a public inquiry relating to a Definitive Map Modification Order.

Those in favour of the Access Policy were broadly concerned with:

1. The usefulness of setting out clear expectations of users;
2. Continued operation of the port is important;
3. Public access is important but the priority should be keeping the area as a working port.
4. The Access Policy could acknowledge the value of flat open space to those with mobility issues;
5. Setting RS Divers' office further back from the quayside is desirable;
6. The Access Policy may not be adhered to by all parties in the future and the need for a common sense approach between users at the Camber;

Those opposed to the Access Policy were broadly concerned with:

1. Access Policy distracts from Definitive Map Modification Order process for a right of way;
2. The introduction of the principle of permissive rights at the Camber and the corollary loss of access 'as of right';
3. Enforcement of the Access Policy is problematic;
4. Inadequate consultation questions the legitimacy of the Access Policy;

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5. Grievances relating to planning permissions granted at the Camber;
6. Equality concerns in relation to the Access Policy restricting access on the basis of age, plus concerns about those using mobility scooters;
7. Motivations for the Access Policy not clear;
8. Implications of the Access Policy for other open spaces in the City;
9. The Access Policy Plan is not clear in relation to highways and leased land.

Those offering other comments on the Access Policy (i.e. those that could not be clearly said to be for or against the policy) were broadly concerned with:

1. What is the usual policy for consultations?
2. Will there be a council/cabinet meeting for adoption of the Access Policy and will the public be able to give deputations?
3. Whether the Council intends to broaden the consultation beyond internet engagement;
4. Acknowledgement of a history of access to the Camber combined with its status as a working port with health and safety concerns;
5. A sense that attempts have been made to suggest that the Camber is private not public;
6. A transcript of the public meeting of 6 December 2018 was prepared and submitted by OP+GQ Neighbourhood Forum.

Discussion:

Context:

As stated in the Access Policy Cover Note, the Access Policy affirms the Council's commitment to public access at the Camber. The key concern is the balancing of unique maritime uses with access by the public for recreation.

The Access Policy has no bearing on the public inquiry to consider a Definitive Map Modification Order ("DMMO") that could lead to a right of way being recognised at the Camber. The Access Policy is not intended as an alternative to publishing a DMMO and holding a public inquiry. The Access Policy has a wider application than the route of the claimed right of way and will be of use regardless of the outcome of the public inquiry.

The publication of the DMMO (that will lead to a public inquiry) was delayed due to the loss of the Council's Definitive Map and Statement. The Definitive Map and Statement is the list of officially recognised rights of way in the city, and the DMMO could require a route at the Camber to be included. The DMMO was published by the Council on 21 February 2019 and is subject to public consultation until 12 April 2019. The Council is working to confirm its rights of way records before a public inquiry is held.

Supporting Comments:

Those in favour of the Access Policy commended the intention to place clarity on the basis of access to the Camber and the explanation of a balance between marine users and leisure visitors.

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The continued use of the port is desirable among marine users and the visiting public alike. Respondents tended to agree that marine uses make the area interesting; one commented that it would be a shame for the area to become a "sanitised" waterfront area lacking character if marine uses are not given priority. These respondents identify positively with the Council's position and motivations for producing the access policy.

One respondent would like to see the policy express the value of the area as a flat area offering interesting views for those with mobility issues. This is a simple amendment that can be made to the Access Policy.

Another respondent commented that they would like to see RS Divers' moved back from the quayside so that the whole quayside is accessible. The Council's Corporate Assets department is considering how this might be arranged.

Those in favour of the Access Policy also commented on the questionable enforceability of the Access Policy. This shall be addressed below in the 'Opposing Comments' section as a common theme between different respondents.

Opposing Comments:

The majority of respondents opposing the Access Policy highlighted their concern that the Access Policy was intended as a distraction or an alternative to producing a DMMO to establish whether a right of way should be recognised on the Council's Definitive Map and Statement. That is somewhat understandable given the delay that has occurred in producing the DMMO. Nonetheless, the express purpose of the Access Policy is to demonstrate a commitment to public access in the terms that it contains. Respondents should rest assured that the Access Policy cannot be construed as prejudicing any public inquiry relating to the alleged right of way at the Camber. Again, the Council published the DMMO on 21 February 2019.

Respondents opposing the Access Policy commented that the Access Policy appears to introduce the notion that access is permissive in nature, when they contend that it has historically been 'as of right'. The Council feels that this misses the point that the statutory use of the land is that of a port, negating the possibility of rights being acquired over it through use 'as of right'.

As noted above, concerns about enforceability were common among all respondents to the consultation. This concern related particularly to the exclusion of unaccompanied minors. It was also a question that was raised at the public meeting. It is the Council's view that unaccompanied minors in the Camber Dock Area (excluding highways) are potentially at risk from the activities that take place there. It is therefore legitimate for the Council to express a position that it does not wish for such persons to be in the Camber Dock Area. It is not anticipated that the policy will be capable of effective enforcement in all cases, but rather it provides a foundation for later action to be taken in conjunction with the police and leaseholders.

Those opposing the Access Policy also questioned the consultation process, suggesting that the online format disadvantaged those without access to the internet and that there

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should have been site notices displayed. The Council hears these concerns and will consider them further. However, an initial view can be offered.

Firstly, Ward Members were involved with distributing and discussing the Access Policy with local residents from 2 November 2018 onwards. Cllr Wood forwarded the Access Policy to between 75 and 100 different people by email. The role of Ward Members as an accessible conduit between local residents and the Council cannot be understated.

Secondly, the Access Policy and plan was made available to local residents at the public meeting on 6 December 2018 at Portsmouth Cathedral. The meeting included an explanation and question session from the Council's solicitors relating to the Access Policy, the DMMO appeal and the Definitive Map and Statement. The meeting was attended by approximately 100 people and directed attendees to the commencement of an online consultation in relation to both the Access Policy and the Definitive Map and Statement. It is reasonable to conclude that awareness of the consultation would spread by word of mouth among the part of the Ward that it relates to so that those without immediate internet access could arrange access.

Thirdly, the online consultation has been promoted on the Council's website and through social media channels, which represent some of the most effective ways to reach a large audience at their convenience. Responses were received from a number of local residents groups, which can be taken to have a broad range of members.

Given the above 3 methods of consultation the Council considers that consultation afforded interested residents of the ward the opportunity to make meaningful comment.

A number of respondents opposing the Access Policy referenced the development of the Ben Ainsley building as the source of tensions around access to the Camber. The Council acknowledges these concerns and has drafted the Access Policy to make it clear that the Camber Dock Area must be shared by users having regard for one another.

Opponents of the Access Policy have questioned whether it is legitimate to prohibit a class of persons from accessing the Camber based on their age. Firstly, it is not simply the case that all under 18s would be prohibited, rather only those who are unaccompanied. It bears repeating that the exclusion does not apply to areas of the highway (which would not be possible in law). Secondly, given the likelihood of dangerous activities the Council believes that the measure is justified, although it will explore this concern further.

Additionally, a concern was raised by one respondent that the Access Policy could prohibit the use of mobility scooters if these are construed as mechanically propelled vehicles. Mobility scooters with a rider are to be regarded as pedestrians and would therefore not be prohibited by the Access Policy. Amendments can be made to the Access Policy to make this point expressly.

Certain respondents queried what the motivation for the Access Policy was. A cover note was produced to explain this and the Access Policy recites the purpose for which it is intended.

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Some respondents asked whether the Access Policy set a precedent for other places in the city that the public access. The answer to that is "no". The Camber is subject to particular controversy that the Council feels would benefit from some explanation and clarity. Further, the Camber Dock Area has the complication of being a port. As such, there is currently no intention to issue access policies at other locations in the city.

A few respondents opposing the Access Policy commented that the accompanying plan should contain more detail in relation to highways and the boundaries of leased land at the Camber. In particular, some opponents of the Access Policy did not seem to appreciate that access to adopted highway remains unchanged by the policy. Any concern that access to the Bridge Tavern would ever be prevented is therefore unfounded, because the Bridge Tavern is served by adopted highway. To avoid such a misunderstanding in the future, it is proposed that the adopted highway should be shaded on the plan and reference to that shading made in the Access Policy.

It is also proposed that leases are shown on the Access Policy plan to demonstrate the complex private interests that co-exist with public access at the Camber. It should be noted, however, that leasehold interests are liable to change and any leasehold plan appended to the policy would not be accurate forever.

Other Comments:

One respondent enquired about the Council's usual policy for consultations. Consultations come in many different forms depending on their subject matter. Where statute does not require a particular consultation to be undertaken, councils have a broad discretion on whether and how this should be undertaken. The Access Policy does not fall under a particular statutory regime. In the circumstances, the Council felt that consultation was important and that Councillors were best placed with local knowledge to start the discussion with local residents. This culminated in the public meeting, leading to the online consultation.

A question was also received about the decision-maker in relation to the policy. As this report evidences, the intention is for the Cabinet to consider adoption of the Access Policy further to a subsequent report. Members of the public will be able to give deputations at this meeting.

In response to a question about the intention to broaden the consultation beyond internet engagement, it is considered that the consultation was always broader than that by virtue of Ward Councillor engagement and a public meeting being held. Ward Councillors are contactable in many ways.

One particular respondent did not express support or opposition to the Access Policy, but commented the Camber has a history of access combined with its status as a working port, which entails health and safety concerns. The same respondent observed that there is a sense that attempts have been made to suggest that the Camber is private and not open to the public. These are things that are acknowledged by the Access Policy.



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Lastly, Old Portsmouth and Gunwharf Quays Neighbourhood Forum provided a transcript of the public meeting of 6 December 2018. For the avoidance of doubt, their substantive response was one of opposition to the Access Policy.

Preliminary Equality Comments:

Consultation responses of all viewpoints raised equality matters. As an information report, specific equality comments are not required, which is in contrast with a decision report that must contain formal equality impact comments. The view of the Council's Equality Officer has been sought during the process of drafting this information report in relation to: any equality impacts flowing from the Access Policy's restriction on the access of unaccompanied minors, any considerations relating to disabled access and any other concerns. It is the position of Legal Services and the Equality Officer at this stage that the Equality Act 2010 does not extend legal redress to under 18s in light of the content of the Access Policy.

In relation to consultation, the Equality Officer's view is that the consultation process did not prejudice protected groups. In the view of Legal Services there is no statutory obligation to consult in this instance and the Council has exercised its discretion to consult. The Access Policy is intended to clarify the status quo of rights of access. The only change and arguable diminution in rights is the proposal to prohibit unaccompanied minors from accessing the Camber Dock Area. This is considered a minimal interference with rights with a clear justification. Consequently the substantive impact upon users, including protected groups, combined with the extent of consultation lead to the conclusion that the consultation in this matter was adequate and proportionate in common law and under the Equality Act 2010. Again, any decision report will include the Equality Officer's formal views.

The Equality Officer agreed that an amendment to the Access Policy should be made to make it explicitly clear that mobility scooters would not be prevented.

The Equality Officer did not have any other concerns at this stage.

Proposed Future Actions:

In response to comments that the plan should mark out each area of highway and the limits of specific leasehold interests it is proposed that highways should be coloured on the plan to avoid any misapprehension that the Council is discouraging highway users, and that the boundaries of leases are marked on the plan.

When the above actions have been taken, the text of the Access Policy will be amended. It will then be submitted in a revised form to the Cabinet to consider for adoption. If adopted, the policy can be reviewed in relation to any arising equalities or other issues. However, no disproportionate impacts are envisaged as the policy is aimed at clarifying the position of different users and preventing injury to unaccompanied minors.

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Signed by

Appendices:

Access Policy
Access Policy Plan
Access Policy Cover Note

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
Access Policy	https://www.portsmouth.gov.uk/ext/documents-external/cns-camber-access-policy.pdf
Access Policy Plan	https://www.portsmouth.gov.uk/ext/documents-external/cns-camber-access-policy-plan.pdf
Access Policy Cover Note	https://www.portsmouth.gov.uk/ext/documents-external/cns-cover-note-in-relation-to-the-camber-access-policy-01-11-2018.pdf
Consultation responses	Consultation@portsmouthcc.gov.uk

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PORTSMOUTH CITY COUNCIL
CAMBER DOCK PUBLIC ACCESS POLICY

1. SCOPE

- 1.1 This policy provides information to all interested parties regarding public access to the Camber Dock Operational Area and outlines what steps Portsmouth City Council ("the Council") and its agents will take to ensure the safety of members of the public visiting the Camber Dock Operational Area whilst allowing the normal operations of the dock to continue. Given the nature of the site, operational uses must be given priority at all times. For the avoidance of doubt, this is not a risk assessment.
- 1.2 The Camber Dock is a busy and interesting area. The area remains a working dock and attracts visitors who wish to experience a working port. The Council does not wish to prevent people from visiting and experiencing the area, but there is a need to balance the health and safety risks that arise from operations by placing certain restrictions on access from time to time. The primary purpose is to ensure that everyone visiting is safe and that port/dock operations can still take place as required and often at short notice.
- 1.3 Whenever it is safe to do so and their presence will not interfere with the operations of the dock, the public will be allowed limited access to the Camber Dock Operational Area. However, during periods of port operations as listed in section 3 this may not be possible and the public are required to respect and abide by any diversions or instructions issued by Council officers or those of its agent in the area.

2. CAMBER DOCK PUBLIC ACCESS

- 2.1 Camber Dock is owned by the Council and the Council also acts as Port Authority for this area.
- 2.2 For the avoidance of doubt, this policy is not to be considered a dedication of a public right of way over any part the Camber Dock Operational Area shown edged red on the plan attached (Appendix A 'CDOA').
- 2.3 However, the Council permits access to the Camber Dock Operational Area where this will not interfere with the operational use of the Camber or the dock area on the terms set out in this policy document. Specifically, the Council does not confer any permission that interferes with the rights of its tenants and this policy does not extend to areas subject to leases from the Council. Access to such areas would be at the discretion of the appropriate tenant,

meaning that tenants are within their rights to refuse access to parts of the Camber Dock Operational Area forming part of their lease. The Council does not have the power to require tenants to give the public access to areas leased to tenants.

- 2.4 Access to the Camber Dock Operational Area will be permitted on the basis that it is solely under the Council's permission. This permission is granted subject to the expectation and understanding that members of the public will adhere to the requirements set out in Section 3 (Public Safety) below.
- 2.5 Under the terms of this policy and due to the nature of the Camber Dock Operational Area as an active, working port, permission to access the Camber may be withdrawn at any time, immediately and without notice. Such withdrawal may be general or specific to particular members of the public, and is not dependent upon any failure to adhere to the requirements of Section 3 below.
- 2.6 Copies of this document will be freely available to the public and will be published online with papers copies available upon request.
- 2.7 The Camber Dock Operational Area will be closed to the public on the 25th December every year.
- 2.8 Members of the public are not permitted to bring motorised vehicles or horses onto the Camber Dock Operational Area (except upon Trimmers Court and East Street which are adopted highway) for any reason without express permission from the Council, the Harbour Master or persons deriving authority from them.
- 2.9 **This policy does not extend to persons under the age of 18 unless they are accompanied by a responsible adult who bears maximum responsibility for their safety and welfare.**

3. PUBLIC SAFETY

- 3.1 The public are reminded that the Camber Dock is an operational dock with all the risks that this entails. There is also an inherent risk of falling from the quayside and therefore **due care and attention must be taken at all times and all children, vulnerable adults and animals must be appropriately supervised at all times when in the Camber Dock Operational Area.**
- 3.2 Whilst the Council will do its best to ensure the safety of persons visiting the Camber Dock Operational Area, anybody entering the Camber Dock Operational Area shall do so at their own risk and shall be responsible for any children, vulnerable adults and animals that are entering with them. **The**

Council accepts no liability for any damage or injuries incurred when visiting the Camber Dock Operational Area (except for death or personal injury caused by the Council's negligence).

- 3.3 Certain dock operations will require temporary fencing to be placed to protect the public from hazardous works/operations by port users. Members of the public must respect these temporary exclusions and keep clear of these areas for their own safety and the safety of those operating any machinery, apparatus or equipment.
- 3.4 Certain generic dock operations will not be able to be fenced off either due to their nature or because they need to be carried out at short notice. Members of the public should be aware that, as an operational dock, certain hazardous operations (e.g. hydroblasting boats, welding, handling of substances hazardous to health etc.) will take place from time to time. In addition, at any time of the day or night, operations involving the loading and unloading of ships or the lifting and cradling of craft and associated work may take place without notice.

Dock operations entailing hazards and risks as outlined will include the following, but are not limited to:

- Open unfenced dock edges
 - Mobile and fixed crane operations
 - Reversing vehicles
 - Steel fabrication and grinding
 - Aerosol and spray painting
 - Fork Lift Truck operations
 - Lifting operations
 - Arc welding and steel cutting
 - High pressure water blasting
 - Movement of Heavy Goods Vehicles
- 3.5 It is the responsibility of those carrying out operational activities to avoid putting members of the public and others at risk. However, everyone has a responsibility for their own safety. **All users must abide by any instructions, diversions or restrictions issued by the Council or its officers, agents and contractors from time to time.** Dock operators may not be aware of the presence of visitors and extra care must be taken when walking anywhere that such operations are taking place. The public must keep clear of mobile plant machinery and must not allow children under their supervision to play or walk near any mobile plant and lifting equipment situated on the Dock.

4. COMPLAINTS PROCEDURE

- 4.1 We take complaints very seriously. While we try to provide a good service, we know that sometimes things go wrong. We have developed a complaints procedure in response to this. We aim to sort out complaints quickly and fairly and we will try to sort out any mistake or misunderstanding straight away. Sometimes it may take longer, but we will tell you how long it will take.
- 4.2 The port's agents act on behalf of the Port Authority (and therefore Portsmouth City Council) and so any questions/comments could be put to them directly in the first instance, as they are most likely to be in a position to respond promptly.
- 4.3 If you do not find that your concerns have been suitably addressed please raise a complaint directly to Portsmouth City Council through the corporate complaints process as outlined on our webpage: <https://www.portsmouth.gov.uk/ext/the-council/transparency/comment-compliment-or-complaint.aspx>.

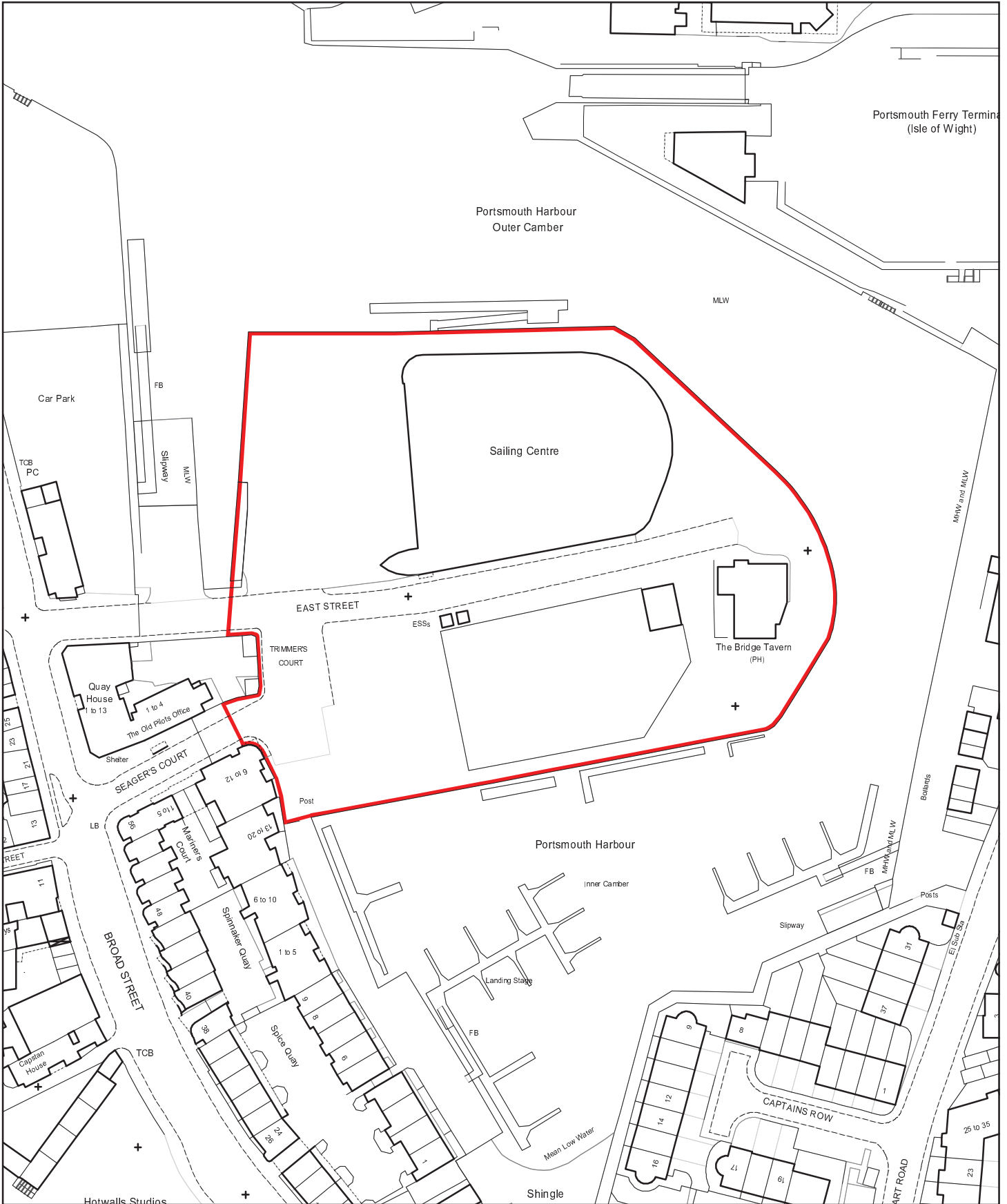
5. FURTHER ENQUIRIES

- 5.1 If you have any questions regarding access to the Camber Dock Operational Area on any particular day, the Council appoints an agent to act on behalf of the Port Authority and Council and so any comments/questions can be put to them in the first instance, as they are most likely to be aware of day-to-day activities and operations at the dock.
- 5.2 For more general enquiries or enquiries as to this policy please contact the City Help Desk.

Appendix A: 'CDOA'

DRAFT SUBJECT TO CONSULTATION

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Portsmouth
CITY COUNCIL

Title: **The Camber,
East Street,
Portsmouth.**

Prepared for: **Property & Investment Service**
Prepared by: **Geographic Information Service**

Drg No:

Scale: **1:1250**

Date: **08/10/2018**



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Cover Note in relation to the Camber Access Policy

The City Solicitor met with Cllr Rob Wood to discuss an access policy produced by officers to confirm the rights of local people to access the Camber. Cllr Rob Wood had some concerns and requested some amendments, which have been duly made.

The Council will seek the views of residents and businesses at the Camber, and consider those views before adopting the policy. It is anticipated, for example, that a formal policy position will help to allay local concerns regarding young people swimming and diving by expressly stating that persons under the age of 18 without a responsible adult are trespassers at the Camber.

The access policy will formalise the current state of affairs for public access to the Camber. It will balance the rights of people visiting the Camber for leisure and the rights of people conducting business on the waterfront. On the ground that will mean that people can walk around the Camber but will have to avoid certain areas when dock operations might make it dangerous.

Although similar, the access policy is not the same as a public right of way and that is for a very good reason: public rights of way cannot strike a balance. Public rights of way very strictly limit the use of the land to people making use of the highway. That would give pedestrians absolute priority over those making use of the water and quayside to unload cargo, launch and retrieve boats, perform maintenance, access pontoons by bridgeheads and position equipment, to name only a few activities that a working quayside should accommodate.

The Council is opposed to the grant of a public right of way because it would result in a legally enforceable right for any person to complain that the right of way is obstructed by usual port activities within at least 3 metres of the quayside. The Council would then have a duty in law to prohibit the activities constituting obstructions because obstruction of a public right of way is a criminal offence. In practice, this would mean that the Camber could no longer function as a port.

Despite this, some people are still pursuing a right of way. At their request the Planning Inspectorate, based in Bristol, has instructed the Council to produce a formal Order that proposes a right of way at the Camber. The Council intends to do this before 21 February 2019. The Order will then be opened up to formal consultation for public comment. As part of that consultation, the Council will object to the Order on the basis that the Order's scope is excessive and that a public right of way would not respect port operations. After the consultation, the Planning Inspectorate will hold an inquiry to consider the Order, listen to the supporters of a public right of way, listen to the objectors and the Council, and decide whether a right of way should be granted.

In summary, the Council wants to find a balance between the public walking around the Camber for leisure and maritime users conducting business and hobbies. The best way to do this is through an access policy with public and political backing, not an inflexible right of way.

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Agenda Item 14



Portsmouth
CITY COUNCIL

THIS ITEM IS FOR INFORMATION ONLY
(Please note that "Information Only" reports do not require Equality Impact Assessments, Legal or Finance Comments as no decision is being taken)

Title of meeting: Cabinet

Subject: Social Enterprise Engagement

Date of meeting: 12 March 2019

Report by: Innes Richens, Chief Health & Care Portsmouth

Wards affected: All

1. Requested by

Councillor Matthew Winnington, Lead Member Health Wellbeing & Care

2. Purpose

To provide an update on work to date with Social Enterprise organisations

3. Information Requested

On 3 December 2018 a workshop was held, independently facilitated by Pam Hamilton, Managing Director of Paraffin (a creative development agency).

The objective of the workshop was to understand the role social enterprise in the city could play in the delivery of Adult Social Care services, including the potential market and the potential for new and innovative ways to support the new Adult Social Care agenda, particularly around personal choice and independence.

16 organisations were represented at the workshop. People were asked to consider the current adult services strategic plan and ensure that the challenges were framed in a person-centred way. The participants were then asked to create a shared vision for 5 years' time, identifying how social enterprises could work with adult services to provide solutions in the future.

A number of ideas were generated during the workshop, which included:

- Looking at how to share and manage risk.
- Knowing that 90% of Social Enterprises will fail – there needs to be a mind shift from services to innovation and ideas, looking at how to support people with ideas to move towards a proposal.
- Having long term, 5 year funding agreements for not for profit organisations to deliver agreed outcomes. Looking at embedding flexibility into expectations to take the pressure off organisation which enables them to deliver.
- Have innovation and co-production funds to enable good ideas and pilots.
- Considering the role Project Bridge and The HIVE play in this arrangement.

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Following on from the workshop a further meeting was arranged for mid-February 2019. Unfortunately, due to lack of availability the meeting was postponed.

4. Next Steps

A follow-up meeting will be arranged and a task and finish group established to look at options for risk sharing and flexibility within contractual arrangements, with the intention of bringing an options paper to Cabinet in June/July 2019

.....
Signed by (Director)

Appendices:

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

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

Title of document	Location
https://futureofadultsocialcare.co.uk	

Agenda Item 15

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Portsmouth
CITY COUNCIL

Title of meeting: Cabinet

Subject: Adult Social Care - Care Costs

Date of meeting: 12 March 2019

Report by: Innes Richens, Chief Health & Care Portsmouth

Wards affected: All

1. Requested by

Councillor Matthew Winnington, Lead Member Health Wellbeing & Care

2. Purpose

To provide an update on funding for care costs

3. Information Requested

Adult Social Care (ASC) nationally is facing significant financial pressure. The planned Green Paper, enabling consultation on the options for a sustainable funding solution has been delayed.

In November 2018 the Local Government Association produced a report called The Lives We Want to Live, which set out recommendations for the delivery of social care, and highlighted the potential funding gap, predicted to be £3.56bn by 2024/25¹.

For Portsmouth the financial pressures are significant, with a current overspend for 2018/19 for adult social care of £3.9m (10% of net budget) and a corporate saving requirement of £4m for 2019/20 with ASC being required to find £966k

ASC has developed a strategy to deliver an in balance and sustainable solution by 2021/22.

The majority of ASC's budget is spent through externally commissioned services (£51.2m) of the gross spend of £75.3m

Each year an uplift is applied to increase the rate paid to providers. For 2019/20, the offer made to Providers in January 2019 was 2.7%. This resulted in a challenge from Hampshire Domiciliary Care Association and Hampshire Care Association, who did not feel the offer was sufficient to cover the costs they would need to apply to meet financial changes with their workforce, including the changes to the Living Wage, pension auto-enrolment etc.

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Changes to zero hour contract legislation from 2019/20 will require providers to ensure that they meet holiday and sick leave requirements for any workers employed on zero hour contracts. We do not have detailed information about the number of carers employed on zero hour contracts but believe that the percentage is relatively small.

Within Portsmouth, the rate paid to providers takes in consideration of travel time within the hourly cost. There are undoubtedly challenges for providers, and travel time is often raised as a national issue, but PCC has made an allowance travel time for many years within contracts with providers

Changes to The Living wage will see an increase of £0.38 per hour for workers over the age of 25 from April 2019. The impact of changes to pension auto-enrolment also has a significant impact on providers, with take up of pensions reported to be high. It is a legal requirement that people are paid the Living Wage, and it is believed that providers comply with all aspects of the law including pay. There have been no concerns raised to adult services in relation to non-payment of the Living Wage, which provides a level of assurance to the service.

If the full cost of changes to the Living Wage were absorbed by adult services this would incur an additional cost of circa £0.8m per annum. This would not be a sustainable position for the service within the current funding envelope.

As with the changes to The Living Wage, the impact of Brexit is also very difficult to accurately predict. Existing workers from the EU will be able to apply for 'settled status'. There is however a high turnover within the sector

In order to deliver a long term sustainable solution for domiciliary care an Intervention was commissioned in 2018 to look at the current service and what needed to change going forward to deliver the stated purpose of '*Enable me to stay at home, to live the life I want to live*'. A review of over 400 cases revealed a great deal of duplication and progress chasing which created enormous hidden costs to the system. This identified 2 key drivers

- Fragmented service design
- Standardised commissioning/billing
- Redesigning the service has commenced and will run until July 2019. The key features of this part of the process has been
- Integration of Social Work and the Provider
- Dynamic feedback, which informs decision making
- Standardised delivery times have been eliminated
- Clients are billed on actual minutes delivered

The team is currently delivering 130 care calls a week and to date have had

- No failure demand (progress chasing/ duplication)
- No hospital admissions
- High customer satisfaction
- Changes and improvement to the rota based on studying the variation in care-delivery times.

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Representatives from Hampshire Care Association, Hampshire Domiciliary Care Association as well as the City Council and Clinical Commissioning Group met on February 6 2019 to discuss concerns raised. The discussion recognised that:

- The current stability of the care market, whether provided by public or independent sector, has been significantly affected by the sustained reductions in Local Authority grants and funds over the past five years. The care provider sector will want and need to meet National Living Wage expectations though this compounds an already difficult situation.
- The annual process of reviewing, offering and negotiating the inflationary uplift consumes time and resource for all parties, occurs late in the year and may be a barrier to joint working on the key challenges in the sector. PCC/CCG are seeking to establish a different way of working with representatives of the sector.
- All recognise the significantly challenging financial context in which we are operating. Information on the Council's adults budgetary position, costs and spend were shared. The additional monies announced for social care in the autumn budget were specifically discussed; the Council has invested these additional monies directly into care including funding the 19/20 inflationary uplift. PCC/CCG would be willing to routinely provide a financial update to the sector on the adult social care budget position in order to build shared understanding.

There were a number of areas of work, that it was acknowledged could provide a medium to long term solution including:

- Greater use of technology
- Workforce issues including pay and retention of staff
- Complexity of care, in particular caring for people with challenging behaviours is becoming more common and requires care providers to flex the amount and type of support often at short notice
- The complexity of multiple regulatory frameworks
- Pressure from the acute hospital
- The current contracting approach to bed occupancy/voids is unhelpful and requires a review.

Following the discussion proposals for a way forward were agreed:

- **Review and agree a more realistic standard rate** for residential and nursing placements – reflecting on the current increasing trend for individually negotiated rates, this does not allow either the sector nor PCC/CCG to conduct reasonable financial and resource planning nor have confidence in the future availability of placements. Individually negotiated rates also increases administrative burden for all parties.
- **Change the process for agreeing short-term changes in care** when individuals require enhanced care – enabling providers to flex care when required without waiting for an authorisation process to complete; agreement will be needed about how we can mutually control and review changes in care in order to ensure we are using our collective resources and finances in a managed way.
- **Remove the restriction from current Direct Payments** that effectively 'caps' the use of Direct Payments at PCC standard rates and will allow providers to charge their private rate if individuals with Direct Payments choose to utilise their service.

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- **Move to a 'block contract' approach** where there is regular and sustained demand and supply from a care provider, establishing longer term contracts with providers that incorporates agreed levels of activity and quality/outcomes, allows providers to manage their resources flexibly to deliver the contract and build in consideration of cost base, inflation, bed occupancy or voids and seeks to reach mutual agreement about how cost pressures can be managed. We would also want to reduce the burden of contract reviews as part of this process. In adopting this approach measures will be agreed with the provider to ensure that the council are able to manage quality and value for money. Contract monitoring will be established which will provide assurance as well as create a flexible approach which will enable reviews to be brought forward should the need arise. There will be data produced indicating whether or not a provider is able to deliver the volume of work and joint working with the joint PCC and Portsmouth Clinical Commissioning Group (PCCG) Quality team will ensure quality metrics are in place and reviewed.
- **Co-design and introduce 'quality premiums'** – additional payments based around improving specific and mutually agreed quality improvements.

Immediate and medium term actions were agreed as follows:

Immediate Actions:

- Convene a specific working group to review and agree standard rates for the residential and nursing care sector, aiming to complete this by the end of February:
- Review the authorisation process for requests to flex/enhance care when an individual's needs change – by the end of February
- Increase the current 2.7% 19/20 inflationary rate to 3.0%
- Work with care providers to prepare a submission for funding to support work on use of technology in care

Medium term actions:

- To convene a joint task and finish working group to:
- Co-design longer term contracts that move towards agreed costs, quality improvements and activity over longer time periods and potentially replace individually agreed placements where there is a sustained demand for care from a particular provider
- Design and agree quality premiums and a practical approach to managing any supporting processes
- Review the current local quality, contracting and regulatory reporting requirements being placed on the care sector by PCC and CCG in order to align and reduce these
- Review potential mental health crisis response support for care providers
- Reconvene this group at the beginning of March

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Signed by (Director)

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Portsmouth
CITY COUNCIL

Appendices:

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

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

Title of document	Location
https://futureofadultsocialcare.co.uk	

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