



NOTICE OF MEETING

SCRUTINY MANAGEMENT PANEL

MONDAY, 28 JANUARY 2019 AT 10.30 AM

THE EXECUTIVE MEETING ROOM - THIRD FLOOR, THE GUILDHALL

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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 Tom Wood (Chair)
Councillor Leo Madden (Vice-Chair)
Councillor Simon Boshier
Councillor Jennie Brent
Councillor Ryan Brent

Councillor George Fielding
Councillor Ian Lyon
Councillor Hugh Mason
Councillor Scott Payter-Harris

Standing Deputies

Councillor David Fuller
Councillor Gemma New
Councillor Will Purvis

Councillor Ben Swann
Councillor David Tompkins

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

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AGENDA

- 1 **Apologies for Absence**
- 2 **Declarations of Members' Interests**
- 3 **Minutes of the meetings held on 9 February, 21 September and 9 November 2018 (Pages 3 - 24)**

RECOMMENDED that the Minutes of the Meetings held on 9 February 2018, 21 September 2018 and 9 November 2018 each be confirmed and signed by the Chair of the relevant meeting as a correct record.

4 Work Programme and update for the remainder of the 2018/19 municipal year in respect of the themed scrutiny panels (Pages 25 - 26)

The panel is asked to note the updates in respect of the themed scrutiny panels.

The panel is asked to consider the topics put forward for review by two of the themed panels (as attached) and determine their work programme for the rest of the Municipal Year.

Chairs of each themed scrutiny panel (or the Chair's representative on that panel) are invited to the meeting to provide more information on the topic/s their panel has put forward.

RECOMMENDED that the Scrutiny Management Panel

- (1) Notes the updates in respect of the themed scrutiny panels.**
- (2) Notes that the TECS scrutiny panel will continue with its review of general parking issues in Portsmouth with a view to considering alternative strategies.**
- (3) Notes that the EDCL scrutiny panel will continue its current review of the International Port.**
- (4) Determines the work programme for the remainder of the Municipal Year for each of the remaining two themed scrutiny panels.**

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Agenda Item 3

SCRUTINY MANAGEMENT PANEL

Minutes of the meeting of the Scrutiny Management Panel held on Friday, 9 February 2018 at 2.00 pm at the Civic Offices, Portsmouth

Present

Councillor Scott Payter-Harris (in the Chair)

Councillors Gemma New
Darren Sanders
Tom Wood
Leo Madden

1. Apologies for Absence (AI 1)

The Chair welcomed everyone to the meeting and provided information about the evacuation procedures. He advised that the meeting was being live-streamed and that the meeting would be available on the Council's website.

Apologies for absence were received on behalf of Councillors Lyon, Galloway and Morgan. Apologies were also received on behalf of Councillor Ben Dowling for whom Councillor Leo Madden deputised.

2. Declarations of Members' Interests (AI 2)

There were no declarations of Members' interests.

3. Minutes of the Meeting held on 24 November 2017 (AI 3)

RESOLVED that the Minutes of the meeting held on 24 November 2017 be confirmed and signed by the Chair as a correct record.

4. Capital Programme 2017/18 to 2022/23 PCC Budget & Council Tax 2018/19 - Portsmouth City Council - Budget & Council Tax 2018/19 & Medium Term Budget Forecast 2019/20 to 2021/22 (AI 4)

(TAKE IN BUDGET PRESENTATION - information only)

Mr Chris Ward introduced the budget presentation and explained what he would be covering during the meeting. The main debate would take place at the Full Council meeting on 13 February but was before this panel for scrutiny and comment.

Mr Ward referred to slide 4 - Overall Impact of Austerity so far - which showed that since 2011, £94m of savings had been required and that a further £4m savings are required for 2018/19. The basic task is to balance incomings and outgoings.

Slide 6 shows the four strands of the Medium Term Financial Strategy.

Slide 7 shows the Future Years' Savings Requirement but there are also underlying deficits to be remedied of £1.8m in both Adult Social Care and Children's Safeguarding.

Mr Ward advised that slide 8 showed a recap of budget decisions taken by council in December 2017. He said that the cost pressures alone exceed the amount to be flexibly drawn from the Adult Social Care precept.

Mr Ward stated that there are some new budget proposals being taken to council next week and advised members that there are still potential overspends in Children's Social Care and Adult Social Care. The underlying deficit was that part which would continue into future years, but there are some one-off changes in the current year which would change the £1.8 million figure. There are forecast overspends in both Children's Social Care and Adult Social Care of £2.4 million and £0.9 million respectively. This has been planned for as part of the council's overall contingency proposals. The other overspend area is MMD, a company that is owned by the council. One of its largest customers, Geest, will be withdrawing so there are one-off redundancy costs associated with that as well as loss of that business. However, there are also some underspends as set out on the slide. These relate to Wightlink, Contingencies and Treasury Management success. The proposals being put forward are that there should be a revenue contribution to capital of £2 million to support the capital programme and that a transfer to the MTRS reserve of £2 million is also made.

Mr Ward then referred to slide 12 which covers the Local Government Finance Settlement 2018/19 to 2019/20. PCC has just been told that an amount of £557K will be paid to the council to directly support Adult Social Care next year. Mr Ward also advised that there had been a shift from 100% business rate retention to 75% business rate retention and there was also to be a Fair Funding review (which basically re-allocates available funding to local authorities according to need) to be implemented in 2019/20. This represents a significant risk for the future forecast as the outcome cannot be predicted. Slide 12 also shows that in terms of government grants there is an overall reduction of £16.5 m (34%) in cash terms. Mr Ward referred to the council tax for 2018/19 to 2019/20 advising that the council tax referendum threshold for general purposes increased from 2% to 3% and that the social care precept would be 6% in total over 2017/18 to 2019/20 but with a 3% annual cap.

With regard to business rates Mr Ward explained that the government had introduced a scheme where authorities could apply to become a 100% business rate retention pilot. In order to apply, councils had to be in a pool and PCC joined with Southampton and the Isle of Wight as set out in slide 13. The government's intention was that the scheme shared risks and rewards. In simple terms the 100% scheme allows local authorities to keep the government's share of business rates. In return for keeping the government's share, authorities in this scheme have to forego the grant funding. However it does not relate to the growth element from 2013/14 to date. In practice this means that the government's share of growth from 2013/14 to date goes into a growth pool. The authorities in the scheme had to devise a way of sharing

the growth pool among them. This was agreed as being 60% to be divided among the authorities based on need, 30% would be allocated to growth and productivity and 10% remains in the pool as a cushion against loss in the future. As shown on the slide, £3.1 million is allocated to Portsmouth plus a share of the £4.2 million growth and productivity pot. Mr Ward advised that the scheme is only guaranteed for one year and consequently cannot be used to offset savings as it is too unpredictable.

Slide 14 sets out the council tax proposal for 2018/19. The total increase for a Portsmouth resident is 4.73%.

Slide 15 shows the main expenditure and income changes, the funding changes and proposals for 2018/19.

Slide 17 looks at the next three years - 2019/20 to 2021/2022. Mr Ward advised that the deficit over the next period was still anticipated as being £12 million. He said that the circles on the slide that were coloured green were the positives ie anticipated income and the circles in red were the anticipated pressures. He said that because of the Fair Funding review the forecast could be incorrect by plus or minus £3 million. He said that because of this it was proposed to have an even amount of future years savings requirements of £4 million from 2019/20, 2020/21 and 2021/2022 as set out on slide 18.

Mr Ward then moved on to the capital programme 2017/18 to 2022/23. He said that the capital strategy continued to drive towards the regeneration of the city, income generation and invest to save schemes. He further advised that the resources available amounted to £25.6 million but that this included reliance on receiving the expected future funding for school places of £10.2 million. He advised that there is a risk about how much income will be received from the DfE but there is a DfE tool which enables councils to see what they are likely to receive and Mr Ward said that he was comfortable that this level of funding would be forthcoming.

Slide 21 shows the capital investment proposals. Slide 22 shows the total obligations of between £25.2 million to £31.0 million as against the total capital resources expected of around £7 million per annum. The resulting funding gap is expected to be between £15 million to £24 million. He said that the options for funding this gap were national funding bids such as the housing infrastructure fund and the national productivity fund but these require match funding. Also from, LEP which again requires match funding and from revenue contributions to capital (from underspendings).

Finally Mr Ward referred to slide 24 which provides a summary of the revised budget 2017/18, the budget 2018/19, future years forecast 2019/20 to 2021/22 and the capital programme 2017/18 to 2022/23.

During discussion, the following matters were clarified:

- With regard to the Fair Funding review, Mr Ward confirmed that basically this amounted to a redistribution of the same money. The potential for gain comes out of business rate growth where there is an opportunity for funding for PCC to increase.
- In terms of the actual process for allocation among the various authorities in a business rate pool, Mr Ward said that he anticipated a slimmed down

version of the same basis used by LEP. He confirmed that the three leaders of the local authorities concerned would be making the decisions and would determine which bids give the best outcomes for the area. His expectation is that the schemes chosen would be those likely to generate the best business rates.

- With regard to increasing council tax to benefit Adult Social Care funding, Mr Ward confirmed that the council has to demonstrate to central government by way of returns that Adult Social Care does not make any savings greater than elsewhere in the council. It must also be shown that the additional funding has actually been passported across. This is government regulated and government checked.
- Mr Ward confirmed that it was a decision of the administration to reduce the Adult Social Care precept from the level of 3% in 2017. The forecast is based on the whole of the 6% being taken. In overall terms the same amount of funding will be available for Adult Social Care. However Adult Social Care would have the opportunity to invest the Better Care funding to generate additional income.
- With regard to the pilot scheme, a query was raised about whether the growth and productivity pot money has to be used in schemes within the areas of the partnership ie Portsmouth, Southampton or Isle of Wight or can the schemes be outside those areas. Mr Ward said there is no criteria to say that this cannot be done but it was likely that the authorities would want to keep any investment within the areas in order to benefit from the business rates generated.
- Mr Ward confirmed that if the pilot scheme is dropped, there would be a reset from 2019. Because of the link with the Fair Funding review, it is not possible to say whether or not PCC would be better or worse off should this happen.
- Mr Ward confirmed that the expected savings requirement of £12 million is a mid-point based on the central assumption that PCC would lose half of the gain already received in business rates.
- With regard to a query about secondary school places, Mr Ward confirmed that the £10.2 million related to providing additional communal space at Admiral Lord Nelson School and Charter and did not represent money for a rebuild. The improvements were likely to increase the capacity of the schools. Mr Ward confirmed that the local authority has the statutory responsibility to ensure that enough school places are provided but the authority needs to work with academies in order to provide the spaces. However this was something that the schools concerned wanted to do.
- With regard to the funding gap, a query was raised about what "enabling transport infrastructure match funding development" referred to. Mr Ward confirmed that this referred to the city centre road. He confirmed that a number of bids had been received in respect of the city centre road which is a large scheme. Currently the council has set aside £15 million of its

own money because match funding is a significant factor in whether or not the bids made are successful. The council has also estimated that CIL monies are likely to be around £7.5 million raising the total match funding to £22.5 million but this is not guaranteed. Mr Ward advised that even if the £7.5 million did not materialise, it is still a funding commitment. Mr Ward said that if match funding is not achieved, there is reference in the budget report about it being possible to use this money to transfer to capital resources. Mr Ward said that it was important that the council considers a transfer to Capital whenever one-off funding opportunities arise in order to fund the capital programme.

- It was confirmed that with regard to the modelling for school places there are two different models. One is the financial model which extends some distance into the future and the other is a DfE tool based on the likely need for places as against the likely availability of places. The timescales covered are different. The DfE tool covers a three to four year timescale whereas the financial modelling is over a longer period.

The Chair thanked Mr Ward for his presentation which the Panel noted.

The meeting concluded at 3.15 pm.

Councillor Scott Payter-Harris
Chair

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SCRUTINY MANAGEMENT PANEL

Minutes of the meeting of the Scrutiny Management Panel held on Friday, 21 September 2018 at 4.30 pm at the Civic Offices, Portsmouth

Present

Councillor Tom Wood (in the Chair)

Councillors Leo Madden
Simon Boshier
Ryan Brent
John Ferrett
George Fielding
Ian Lyon
Hugh Mason

5. Apologies for Absence (AI 1)

Councillor Tom Wood, Chair of the Panel, welcomed everyone to the meeting. He read out safety information about evacuation procedures and advised that the meeting was being live streamed. He invited Members and officers to introduce themselves which they then did.

The Chair advised that no apologies for absence had been received.

6. Declarations of Members' Interests (AI 2)

There were no declarations of Members' interests.

7. Call in of decision taken by Cabinet on 10 August 2018 in respect of item 4 on that agenda 'Victory Energy Supply Limited - Expert Review of Business Case' - (AI 3)

(TAKE IN REPORTS AND PAPERS)

The Chair advised that the process to be followed at the meeting had been circulated. One oral deputation request had been received from James Nicholson. The Chair invited him to make his deputation which he then did, speaking in favour of the item being referred back to Cabinet.

Three written representations had been received, from Professor Mark Button, Commander Simon Wallace Royal Navy (Rtd) and Mr Stephen Vick all in favour of the item being referred back to Cabinet. These had been circulated to members of the Panel in advance of the meeting. All three written representations were read out by the Senior Local Democracy Officer at the request of the Chair.

The full content of the deputation and written representations can be found at the following link

<https://livestream.com/accounts/14063785/SMP-21Sep2018>

Councillor Donna Jones as Lead Call-in Member was invited to present the reasons for calling in the decision. She first gave some background information stating that the Call-in request had been signed by some members of the Labour Group as well as by some members of the Conservative Group indicating that both opposition groups had a shared desire to call in the Cabinet decision.

She then outlined the specific reasons for the Call-in

- **Point 1 - Customer Acquisition Statements** At the Cabinet meeting, the Leader of the Council stated that, "PWC said 50k is far too many (customers) and should be reduced by half, back down to 25k". Cllr Jones said that this is a false statement and that PWC did not say this. It is a clear misrepresentation of the independent experts' report and demonstrates a failure to understand the key points. She said that 6.2(i) of the main report, page 52 of the Executive summary and the Baringa report all support her assertion. Consequently, she considered that the Leader using this point as a reason not to invest in the company is based on incorrect information.
- **Point 2 - Marketing Approach** At the Cabinet meeting, the Leader of the Council stated that "PWC and VESL have described this sales technique (door to door selling) as untried and untested"

Councillor Jones said that it is tried, tested and proved. She said that PWC confirm this in their report. The approach is new but achievable. PWC conclude that '*switching is still at an all-time high*', which will assist VESL. In the VESL presentation all members were made aware of a diagram which explained all the options open to VESL for marketing to attract customers. VESL can use any one of 11 features quoted at any time. PWC concluded under 6.1 of the report (bullet point 8 in the box) that:

Delivering the required level of acquisitions may require VESL to adapt its sales and marketing plan and use more proven sales channels. VESL should be well positioned to adapt quickly to a new approach, however, this may result in VESL's acquisition costs increasing and put downward pressure on margins.

Councillor Jones drew on several parts of the reports to support her assertions, page 52 of the Executive summary, page 55 number 1, point 2 paragraph 2, and page 38, 2.2 of Baringa's report.

- **Point 3 Investment Exposure** Councillor Jones said that the customer acquisition statement as stated by the Leader was not what was stated in the experts' report.

Councillor Jones said that at the Cabinet Meeting, the Leader stated that

'There's a possibility of a profit of £1.5m - £6m in year 5 or 6, and I think Chris you put it even later. The amount of money the council will have to lend VESL is £15m.'

Councillor Jones said that this is incorrect and said the Leader of the council has clearly misunderstood the key risk exposure. In the Section 151 officer's report it states on page 5 what the peak financial exposure for the council is forecast to be in year 2 which amounts to £6.5million. Beyond year 4, the company would start to return annual profits and by year 10 have achieved significant financial returns. In 1.13 of the report it states:

Taking the downside scenario of PWC and their advice to consider investment over 10 years (after repayment of the necessary up-front investment) would return circa £50million, representing both earnings of circa £27million and a customer book value of circa £18million.

She said that this statement from the report encapsulates the total financial risk to the council in PWC's downside scenario. She said it is important to note that £18.1 million is based on the PWC downside scenario. When all income to the council is added together it totals £50million.

Councillor Jones said that the Leader of the council had demonstrated an error of understanding, judgment and interpretation of the independent advice given in the section 151 officer's report. The total return to the council over a 10 year period is the basis upon which this decision should have been taken.

With regard to risk exposure, Councillor Jones said that comments the Cabinet made around risk were based on the VESL business case only and not on all of the information put before them in the report and highlighted by the Section 151 officer in his report. She said that the Cabinet failed to consider the other income streams that would be due to the council and also the company value which would be based on the customer book.

With regard to the four success factors referred to in the section 151 officer's report, the Leader said "I have not been able to be persuaded that there are any of those four things in place."

Councillor Jones said that the section 151 officer confirmed that the independent expert reviews that have been undertaken all agreed that those things are in place. She said that the Leader influenced other members of the Cabinet to his view.

Councillor Jones referenced various parts of the reports to demonstrate that the opinion of the independent experts is clear and strong in relation to the senior management team, the agile business plan and robust risk management. She asked where contrary evidence that the Leader was relying on to base his comments and decisions could be found.

Councillor Jones then referred to comments made by Councillors Jeanette Smith, Darren Sanders and Matthew Winnington as quoted in the Call-in papers.

In conclusion she said that the Administration made a decision to wind up the energy company based on misleading or factually incorrect information.

The Chair next invited questions from the Panel and the following responses were received

- The legal adviser, Peter Baulf advised the Panel that a decision may be referred back to Cabinet for further consideration if the Panel on balance form the view that the Cabinet has received information in the course of reaching their decision and then have misinterpreted or misunderstood that information leading to them reaching a decision based on inaccurate information.
- In response to queries about wider issues the Chair asked that Members confine the decision on the call-in reasons already given in the documents.
- Councillor Jones said there was nothing in the documents to indicate that the prices to people in fuel poverty would increase if Cabinet had signed up to the Energy Company in spite of three members of the Cabinet stating that this might happen.
- PWC did not say the model was not achievable, just that more selling agents would be needed and some re-modelling and this had been accepted.

The Chair then invited Councillor Gerald Vernon-Jackson as Lead Cabinet Member to respond which he then did including the following comments.

- If there is additional information that Cabinet did not have and which they needed for that discussion, he would be very happy to look at it So far he said he had not heard anything to suggest that that was the case.
- Before the change in Administration, the energy company had been shrouded in secrecy. Since the Liberal Democrats had formed the Administration, they were trying to do things differently by holding meetings in open session and by arranging briefings for all Members. Members had been given the opportunity to question experts about the energy company; some Members had attended, others had not.
- The report made clear that there are risks and benefits and he considered it to be a judgment call as to where the balance of risk lies.
- Cabinet members disagreed with some of the sales methods outlined in the business plan and about who would be targeted. Cabinet members considered it to be a significant possibility that the outcome for some people on low incomes would be to increase their energy bills.
- He had business concerns as there would be a need to double the industry average in signing up new customers
- He had concerns also about the failure to assess the effect of price caps which could potentially have a negative impact.
- With regard to the marketing approach, he considered there to be a risk that the business case would not be achieved. He considered door to door selling to be unpopular with people. Basically 44,000 households would need to sign up in year one to break even.

- He considered that the risk is carried by PCC for a long time and is a gamble.
- He considered the risk exposure - based on the success of an enterprise that does not have any customers is a cause of concern.
- He had concerns about there being no minuted governance meetings that were open to members of the public and generally not enough information was publicly available
- He considered the matter was all about the interpretation of the information that had been provided.
- He believed that if the venture was a good one, that would be reflected in the number of interested parties should the company be put up for sale.

The Chair reminded Members not to stray into discussion about the original decision but to focus on the reasons given for the call-in ie whether the information had been inaccurate, incomplete ,or inadequate.

As some comments made by Councillors Sanders, Winnington and Smith at the Cabinet meeting had been specifically mentioned in the Call-in papers, an opportunity was given to those members who were able to attend the meeting today to comment.

Councillor Sanders included the following points

- In forming his view, he had not relied solely on the reports to Cabinet but had also based his views on a number of events and briefings. He was aware of VESL's place in the market and that it was a mid-range product and was not among the cheapest tariffs.
- He had considerably more information than had appeared in the papers before Cabinet and had taken his decision in that light.

Councillor Winnington included the following points

- He believed he had had complete information about who would be targeted and that the elderly and those in fuel poverty would be - among them.
- With regard to lower energy costs to residents, he had not seen anything to show that this would definitely be done. VESL said it was going for the mid- market option. The core principles were not about fuel poverty but to generate income for the council. Fuel poverty is an aside.
- With regard to paragraph 1.2 of the report, this sets out what they will do, but we already have that at PCC through LEAP which he sees in action through his day job.
- With regard to boilers, VESL could supply these, but many boilers are the responsibility of landlords so this would not affect those in fuel poverty.

- With regard to the mitigation stating that 80% purchase through the big 6 energy companies, many people in fuel poverty will not be with the big 6..
 - Additionally, if a property becomes empty, the energy company would go to VESL and this may result in having to pay a higher tariff
- The Chair advised that Councillor Smith was unable to attend the meeting today to clarify her comments..

The Chair next invited questions from the Panel

- In response to a query about whether Cabinet Members had adequate information in front of them - ie the revised business plan, revised business case and assessment of risk - the Lead Cabinet Member said he had not had that report but had been given a briefing on the revised business case
- With regard to a comment about the Lead Cabinet Member not being persuaded that the four success factors mentioned in the s151 officer's report were in place despite the s151 officer's assurance, the Lead Cabinet Member said that different interpretations could be made from the same data.
- In response to a query about why the Lead Cabinet Member stated that a reputable accountant's view was over optimistic, he said that on page 61 the last bullet point had shown an incorrectly calculated rate of return and also that there had been instances at PCC where business cases had turned out to have been overly optimistic
- In response to a query, the Lead Cabinet Member said Cabinet was not convinced the business case was sufficiently robust. There was a significant risk about the number of customers that would be required and the Lead Cabinet Member considered the number was unrealistic and too risky for PCC to proceed with the venture

The Chair said Councillor Jones, the Lead Call-in Member would be asked for her response and then to sum up. Then the Lead Cabinet Member would be asked for his response and to then sum up. An opportunity would then be given to the Panel to put questions to officers followed by debate and a decision.

The meeting adjourned at 6.30pm

The meeting resumed at 6.40pm

The Chair invited the Lead Call-in Member to respond and sum up, which she then did including the following points:-.

- With regard to the comments about "secrecy" , the legal advice was that the meeting had to be in confidential session because details of the company's business case had been included.
- Briefings about VESL had been available from July 2017 and the confidential business case had also been available to members.
- The Executive can exercise its right to hear matters in confidential session.

- When opposition groups attended the briefings offered by the new Administration, comments were made but were ignored.
- The reason why there were no independent /non-executive directors on the Board was because the company had not yet started trading.
- If PCC had chosen to go ahead with a white label company, there would have been no risk to PCC but there would have been significantly less profit.
- With regard to interest shown by other councils, there had been approaches from other councils including the largest council in the country. Also after the Cabinet meeting on 10 August, the Lead Call-in Member had received several emails about VESL which she had forwarded to Chris Ward, section 151 officer.
- With regard to secrecy, there had been interim meetings of the governance board but as the company was not yet trading, these were not public meetings and the minutes had not been made available as it is a commercial entity.
- Industry experts all state VESL is an investable business.
- The closest comparator to VESL is Robin Hood and although that had made a £ 7.5m loss, by the third anniversary it made a £200k profit and the company was valued at £30m - based on potential going forward. PCC could be in a similar position if the decision on VESL were reversed.

To sum up, the Lead Call-in Member included the following points:-

- Energy is long term business. Councillors are uniquely positioned to take an integrated approach. PWC, Baringa and CMS all concluded that the business is sound.
- She considered that Cabinet had failed to understand the difference between a working loan and an investment. Their decision had deprived Portsmouth of benefits the company would have brought. Cabinet seemed to be prepared to write off the costs incurred so far - estimated to be £3.5m - all on the basis of perceived risks.
- She thanked the Labour Group for taking time to read the business case.
- She asked that this to be sent back to Cabinet for re-consideration.

The Chair invited the Lead Cabinet Member to sum up his case. Which he then did including the following points:-

- He was happy for the matter to come back to Cabinet if there was new information that Cabinet should see.
- It was a judgement call as to whether the business would make profits or losses
- Business plans do not always turn out to be accurate
- It was not necessarily the case that £3.5m will be lost.

It was proposed by Councillor Ryan Brent seconded by Councillor John Ferrett that standing orders be suspended and the Panel should move straight to a vote on the Call-in. Upon being put to the vote, this was LOST.

The Chair invited Councillor Vernon-Jackson to continue summing up which he did restating that he is very happy to take the item back to Cabinet to look at any new information to be presented and re-consider the decision.

Panel Members confirmed they did not wish to clarify with officers any factual points raised by either the Lead Call-in Member or the Lead Cabinet-Member.

Panel Members did not require any further debate on the matter before them.

It was proposed by Councillor Ian Lyon, seconded by Councillor Ryan Brent that the decision taken by Cabinet on 10 August be referred back to Cabinet for re-consideration on the grounds that the Scrutiny Management Panel believe the decision was taken without adequate information.

Upon being put to the vote this was unanimously CARRIED.

RESOLVED that the Scrutiny Management Panel referred back to Cabinet its decision taken on 10 August 2018 for re-consideration on the grounds that the Panel believe the decision was taken without adequate information.

The meeting concluded at 7.15 pm.

Councillor Tom Wood
Chair

SCRUTINY MANAGEMENT PANEL

Minutes of the meeting of the Scrutiny Management Panel held on Friday, 9 November 2018 at 5.00 pm in the Executive Meeting Room, The Guildhall, Portsmouth

Present

Councillor Tom Wood (in the Chair)

Councillors Jennie Brent
Ryan Brent
Ian Lyon
Hugh Mason
Scott Payter-Harris
David Fuller (Standing Deputy)
Ben Swann (Standing Deputy)

(Councillor Simon Bosher attended as Lead Call-in Member and
Councillor Ben Dowling attended as Lead Cabinet Member)

8. Apologies for Absence (AI 1)

Councillor Tom Wood, Chair of the Scrutiny Management Panel, welcomed everyone to the meeting and read out the housekeeping instructions

Apologies for absence were received on behalf of Councillor Leo Madden. Councillor David Fuller deputised for him.

Councillor Ben Swann deputised for Councillor Simon Bosher as although he was in attendance today, he was attending as the Lead Call-in Member.

The Chair said there had been no requests to make a deputation at the meeting, but one written representation had been received from a resident of Lawrence Road that had been circulated to panel members

9. Declarations of Members' Interests (AI 2)

Councillor Hugh Mason declared a non-prejudicial interest in that he lives within 200 metres of both the MB and MC zones.

Councillor Payter-Harris declared a non-prejudicial interest in that although he was a signatory to the Call-in, he came to this meeting with an open mind.

10. Call in of decision taken by Councillor Ben Dowling standing in for the Cabinet Member for Traffic and Transportation on 31 July 2018 in respect of item 3 of that agenda "Revised Residents' Parking Programme of Consultation" (AI 3)

Councillor Wood explained the procedure that will be followed for the Call-in and asked members to confine themselves to the reasons for the Call-in and not to stray into other areas.

Councillor Boshier outlined the reasons for the call-in. He provided some background going back to a previous call-in of MB and MC zones in 2016 and the LB zone.

He then referred to the report that had gone to the Cabinet Meeting on 31 July. He said that some of the people affected had not been consulted because the zone boundaries had changed since the original survey was carried out. Also the data relied on was three years old or more and the response at that time had been poor. No account had been taken of population changes since the original survey or the changed boundaries. MF zone also features in the report. This had been radically altered within a 7 day period between meetings.

The Lead Call-in member said for these reasons, he believed the information before the Cabinet Member was inaccurate incorrect and inadequate and believed the matter should be referred back for reconsideration. Also, that MB zone should be subject to all consultation stages, including informal - as should MC - and MF should be reinstated to include all properties covered in 12 July report.

The Chair invited questions from Members.

- A question was raised about the actual numbers involved as sometimes they were given as percentages, but sometimes as numbers. The Lead Call-in Member agreed that the number of responses was unclear when the information was presented in this form as the true strength of feeling could not be gauged from percentages. There used to be a set minimum number for responses before they were considered, but this had been removed. Consequently his view is that there was inadequate information on which to base a decision.
- A question was raised about reference to "secret surveys". The Lead Call-in Member said that a doorstep survey had apparently been carried out by members of the Liberal Democrat Group. He said that if it was a political survey it should have been properly audited and published and was concerned that data collected may have influenced the Cabinet Member's decision.
- A question was raised about boundary changes and the Lead Call-in Member said that the report which went to the Cabinet Member contained revised boundaries for MB and MC zones which differed from the areas originally surveyed - but the responses to the original survey had been included, which meant that the information was incorrect as the responses did not correspond to the revised zones.

The Chair said that the decision taken by the Cabinet Member was not to implement a parking zone, but to go out to consultation.

The Lead Call-in Member said that before the Traffic Orders were implemented, there should have been informal consultation. Decisions should not have gone straight to a Traffic Regulation Order for MB and MC zone. Traffic orders are prescriptive and can't be easily changed - there would have to be a further consultation.

- In response to a further question, the Lead Call-in Member confirmed that 3 extra roads had been included in MB and MC zones and none of the residents in those roads had been surveyed.

Cllr Dowling, as the Cabinet Member who had taken the decision on 31 July then gave his response including the following points:-

- He was happy to reconsider his decision if that was what Scrutiny Management Panel members wanted
- The decision he took on 31 July was to go out to consultation on potential parking zones which he considered to be the main issue - it was not to implement parking zones which would go to future meetings.
- The main process is informal consultation, then a formal TRO report then a public decision. In the event of a parking zone being implemented, because of the issue of displacement, neighbouring zones would then be surveyed.
- Following the meeting on 31 July, there was a subsequent decision meeting when MB and MC zones were approved for implementation in January 2019.
- With regard to references to a "secret" survey, the Liberal Democrats' survey was delivered to 70,000 people in the city and was probably still on the Liberal Democrat website. A summary leaflet of results was also issued so he did not believe it was secret.
- MF zone - the zone that was amended in the report between one meeting and the next. This was because, following feedback, it was decided that it was not appropriate to have such a big zone. He considered the amended report to be an attempt to improve accuracy.
- At the meeting, he was asked to decide on the information he had in front of him as well as knowledge he had. Information was given about it being a smaller zone. He believed that the decision maker should take into account both what is in the report plus other knowledge gained. It was not a decision on implementation or type of zone - just a consultation process.
- With regard to comments about response rates, he said that there had been more responses than say in relation to the budget consultation. However, if Members think there is a need to re-invigorate the

consultation process, then it would be possible to put forward a cross party arrangement.

Councillor Wood thanked Councillor Dowling for his response and then invited questions from the Panel.

In response to queries

- Councillor Dowling said his decision had been to go out to consultation which meant gathering additional information and he considered he had accurate and adequate information before him to do that.
- Councillor Dowling said that he had been aware at the time he took the decision that additional roads had been added to MB and MC zones since the original survey had been carried out 3 years previously, but that he relied on the professionalism of the officers who had made the alterations following considerable feedback received last time.
- With regard to a query raised about the written representation that had been circulated at the meeting relating to 4.5 that stated
"4.5 The impact on adjacent roads that experience similar parking issues and cannot cater for displaced vehicles should not be underestimated and has to be taken into account before considering just one part of a larger area with similar housing and parking problems"
and how the Cabinet Member had satisfied himself that this had been taken into account, the Cabinet Member said he did not think this was relevant to the decision he had taken, but in any event he was aware of 4.5 and considered he had adequate information before him to enable him to take the decision he had.
- Councillor Dowling confirmed that he had relied primarily on the officer's report, but he did not ignore the many hours of consultation Lib Dems had carried out. But he considered that the information contained in the report was perfectly adequate and that no officer had briefed him to say they disagreed with the contents of the report
- Councillor Dowling confirmed that with regard to MF zone, an opportunity had been taken in the two weeks between meetings to amend the zone.
- Councillor Dowling confirmed that he was content that he had had all the information he needed to take the decision he had.
- Councillor Dowling accepted that the informal survey allows residents unrestricted views but that the second stage is prescriptive and that the 2 surveys have different functions. However he said that he did not believe that this is the only way the council obtains information. He did not think it necessary to carry out another survey as there had been much feedback. He believed the interaction was the same as would be achieved by an informal survey and that residents did not want to be asked the same questions repeatedly.

The Chair then invited Councillor Boshier to respond.

Councillor Boshier said

- that we have a 3 stage consultation and in his view that should have been followed and MB and MC zones should not have gone straight to a Traffic Regulation Order.
- Where displaced parking occurred as a result of implementing a zone, the neighbouring zones would be surveyed ahead of the planned zones programme.

In summary, Councillor Boshier said

- he had put the figures in front of members
- he had brought to members' attention the change in the areas covered in the zones showing that there was inaccurate and inadequate information
- he believed Councillor Dowling should have asked himself whether he had adequate information in front of him to justify taking the decision
- he was not sure how feasible it is to consult again on MB and MC zones given the months that have gone by since the decision was taken
- he considered that the report was premature and should have waited for the Traffic, Environment and Community Safety scrutiny report to be published.
- Going forward, he considered that there should be proper consultation for all zones and joined up thinking.

The Chair then invited Councillor Dowling to sum up which he then did.

Councillor Dowling said

- The whole debate concerned what the decision actually was and whether he had adequate information. The decision was to go out to consultation and to do that he did not consider any additional information was needed other than what was before him.
- It was not possible to have audit trails for everything.
- He does understand the difference between stages 1 informal consultation and stage 2 Traffic Regulation Order - but the stage 1 aims and objectives can be achieved through previous discourse and not necessarily via a formal survey.
- He based his decision on the information he was given.
- He believes he did have all the information he needed, but will revisit the decision if that was the will of the Scrutiny Management Panel.

Pam Turton was then invited to answer a question raised about JD which is greyed out and appears on page 11 of the document pack. The question was why that zone remained unchanged. She said that in 2015 a city wide survey for all RPZs was carried out in relation to a reintroduction of a charge for the first permit and each zone was asked whether they wanted to retain their zone or not. The majority in JD wanted to remove the zone so a TRO consultation was carried out. However, 5 objections were received which led to JD remaining in place.

The Chair then said it was clear that JD zone was not relevant to the call-in.

He then invited further comments from panel members.

Councillor Hugh Mason said that looking at the information given on pages 35 and 36, there are 4 major considerations-

- It was based on very poor response
- There had since been a population change
- cognisance was taken of a "secret" survey
- there had been a change in the area covered by MB and MC zones.

Taking each point in turn,

- with regard to a poor response, his view is that everyone had the chance to respond but if they chose not to that is their choice.
- Population changes always happen over time.
- With regard to the "secret" survey, people were elected as councillors not as automatons and when they come to a judgement that will always depend not only on information before them but also from information gleaned in the wards.
- With regard to MB and MC zones, the substantial changes to the areas these covered meant in his view that the old surveys provided inadequate information to be used to take the decision. He did not believe assumptions can be made about how people would vote based on the different areas. On that basis he supported the view that the decision should go back for reconsideration by the Cabinet Member.

Councillor Payter-Harris agreed. Three roads have not been surveyed but had still gone to stage 2 of the process. Support in principle is being recorded as a "yes" even though responses differed widely in terms of the times when parking restrictions should operate. His view is that it would be wise to send the matter back for reconsideration.

Councillor Lyon suggested that the Panel referred the matter back on the grounds of inadequate information being before the Cabinet Member.

Councillor Ryan Brent agreed that the matter should be referred back based on inadequate information.

Councillor Payter-Harris suggested going to the vote as there seemed to be a consensus among Panel members.

The Chair, Councillor Tom Wood, said that his view differed from the majority of the panel as he believed that there is a distinction between the decision being about bringing in a zone or about a second consultation. He was persuaded that the decision taken had been about implementing a consultation - not a parking zone and believed there was adequate information before the Cabinet Member to take that decision. As his view was not the majority view, he invited Councillor Mason to put forward a proposal on which to take a vote.

It was proposed by Cllr Hugh Mason
seconded by Councillor Scott Payter-Harris
that the matter be referred back to Councillor Ben Dowling for reconsideration on the grounds that the Panel had concerns about the changing boundaries of MB and MC zones subsequent to informal surveys and therefore considered the decision had been taken without adequate information.

On being put to the vote this was CARRIED.

RESOLVED that the matter be referred back to Councillor Ben Dowling for reconsideration, on the grounds that the Panel had concerns about the changing boundaries of MB and MC zones subsequent to informal surveys and therefore considered the decision had been taken without adequate information.

The meeting concluded 6.42pm

Councillor Tom Wood
Chair

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Agenda Item 4

SCRUTINY MANAGEMENT PANEL

Updates and Suggested Topics for Review for the themed scrutiny panels

January 2019 to end of this Municipal Year

Housing & Social Care Scrutiny Panel (HSC)

Update The Housing & Social Care Scrutiny Panel signed off its review of supported accommodation on 26 October 2018.

Suggested Topics for Review

The Housing & Social Care Scrutiny Panel, chaired by Councillor Luke Stubbs has put forward the following topics for review:-

1. Review of the provision of temporary accommodation.
2. Review of the experiences gathered after decantation of residents from tower blocks

The Chair advised that It was the consensus view of the panel that the officer recommended topics (to review hospital discharges and the impact of the Homelessness Reduction Act (HRA) would only add limited value given developments already taking place in those areas. However members are interested in the HRA and while it is too soon to assess its implications and evaluate the council's response to it, the provision of temporary accommodation is clearly central to it. It is also an area experiencing significant cost pressures and members felt that a review could prove beneficial.

The decanting of residents from Horatia and Leamington Houses has been a major project and members recognise that evaluation work will take place at appropriate points in the process and that it is likely to be a one-off event. However it was also felt that given its importance, a short review would be useful in building public trust and that it would provide a platform for members to provide challenge to officers.

Scrutiny Management Panel is therefore asked to consider allocating the above topics in the priority order shown.

Education Children & Young Persons' Scrutiny Panel (ECYP)

Update The ECYP signed off its report into School Attendance and Reduced Timetables in Portsmouth on 7 December 2018.

The Panel carried out this review between November 2017 and November 2018. The aim of the review was to understand the main reasons for school absence and how children on part time timetables are supported to resume full time attendance as soon as possible. The review also considered elective home education, which has doubled over the last few years, and looked into the reasons why parents are choosing to home educate their children and how their progress can be safely monitored.

The panel recognised the good work that has been taking place in the city to support children and young people and noted that the school attendance is not solely the responsibility of schools but all agencies.

Suggested Topics for Review

It was agreed that the Panel would put forward the following topic to Scrutiny Management Panel

1. Review into **Children with Disabilities** to focus particularly on
 - **Out of city placements** - how effective are our commissioning arrangements, are we getting the right provision and good value, and are the contributions from education, social care and health appropriate?
 - **Use of Beechside** - how responsive is the short breaks respite care provision and how helpful is it to parents of children with disabilities?

The provision of education for disabled children in the City would be of value to both the Panel and the Council. This was an area that had been identified as requiring improvement by Ofsted. It would also provide an opportunity to undertake a review that would integrate with the Council's Health partners.

Scrutiny Management Panel is therefore asked to consider allocating the above topic to the ECYP Scrutiny Panel.

Economic Development Culture & Leisure Scrutiny Panel (EDCL)

Update

This municipal year the EDCL Scrutiny Panel has been continuing with its **review of the International Port** (which had just been started in the previous municipal year). The newly constituted panel visited the International Port informally in August, before formal meetings resumed in October 2018. As well as hearing from the Port Manager Mike Sellers and some of his management team, the panel has heard from Richard Lee regarding Regulatory Services at Portsmouth International Port (PIP) and Adam Shepherd and Debbie Dunne from Children's Social Care regarding unaccompanied minors who come through the port. The January meeting looked at links with tourism in the city and PIP's business plans. It is anticipated that in February the plans surrounding Brexit and its implications can be discussed before the Port Manager will be dealing with the operational ramifications of this.

Scrutiny Management Panel is asked to note this update.

Transport Environment & Community Safety Scrutiny Panel (TECS)

Update

Scrutiny Management Panel is asked to note that this Panel is moving towards completion of its review "**General parking issues in Portsmouth with a view to considering alternative strategies**".