

## **CABINET**

RECORD OF DECISIONS of the meeting of the Cabinet held on Thursday, 22 September 2016 at 1.00 pm at the Guildhall, Portsmouth

### **Present**

Councillor Donna Jones (in the Chair)

Councillors Luke Stubbs  
Ryan Brent  
Jim Fleming  
Lee Mason  
Robert New  
Linda Symes  
Neill Young

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

These had been received from Councillor Steve Wemyss.

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

There were no declarations of members' interests.

#### **37. Record of Previous Decision Meeting - 8 July 2016 (AI 3)**

DECISION: that the record of decisions of the Cabinet taken on 8 July 2016 be agreed as a correct record and be signed by the Chair accordingly.

#### **38. HSC Scrutiny review 'Support Services for young people living in isolation' (AI 4)**

Councillor Darren Sanders, Chair of the Housing & Social Care (HSC) Scrutiny Panel, presented his panel's report and David Williams, Chief Executive presented the response report. It was stressed that the term 'forcibly isolated' did not refer to any action taken by the council, but reflected family breakdowns.

Councillor Sanders thanked all who had taken part in the review. The panel had looked at what support mechanisms were required. He noted that the response report set out a lot of action taking place and due to be undertaken, which he hoped was in part due to the scrutiny process, and he hoped the research document (referred to within the response report) could be circulated wider. The Leader thanked Councillor Sanders and the Housing & Social Care Scrutiny Panel for their useful work and she undertook to send the reports to the relevant Cabinet Members and Directors to take up the response action. There would be a further report on the use of the Voluntary Sector Transition Fund, with the criteria being examined by the Director for Finance, which should go to Council in November regarding how this money could get into the community. She hoped that the appropriate directors would

look at encouraging private sector housing landlords to take on younger tenants. Work was continuing regarding the impact of legal highs and the Education Act encompassed the desire for teachers to look for signs of social isolation. The Leader encouraged Councillor Sanders to take up the housing findings with Councillor Steve Wemyss as the Cabinet Member for Housing.

The Leader undertook to circulate the panel's findings and the Chief Executive's response report to the appropriate Cabinet Members and Directors for implementation of the recommendations.

**DECISION: that Cabinet noted the comments in relation to the Scrutiny Panel's recommendations at section 4 of the response report.**

### **39. Key Future Approaches for Children's Services (AI 5)**

Alison Jeffery, as Director of Children's Services, presented her report which set out support to families at different levels of need. The report also set out the recent co-location of services and the work to help the most vulnerable families. The recommendations endorsed the plans to use resources to their best effect and the restorative approach being taken so that families would be supported at the appropriate level and to avoid the need for statutory intervention.

Councillor Ryan Brent, as the Cabinet Member for Children's Services, supported the recommendations which would help change the culture to a restorative approach and he thanked all the officers involved in this work. This was endorsed by Councillor Neill Young as Cabinet Member for Education.

Councillor Luke Stubbs queried the wording of the third recommendation and this was amended to show the flexibility in the contract review.

Councillor Donna Jones, as Leader, also thanked the Cabinet Members for their involvement and Alison Jeffery and her team for this pivotal preventative work to allow access for the most vulnerable in the city.

**DECISIONS the Cabinet agreed:**

- 1) The "Stronger Futures 10 point plan" set out at appendix 1 for effective, proportionate support for children and families around health, wellbeing and safeguarding.**
- (2) That the Cabinet Member for Adult Social Care and Public Health and the Cabinet Member for Children's Social Care be authorised to review and agree within the next three months the provider model and procurement process as appropriate for a refreshed integrated City Council early intervention offer bringing together current VCS contracts, Children's Centres and Public Health delivery.**
- (3) That the council's contracts with Solent NHS for Health Visiting, School Nursing and Family Nurse Partnership are extended for a period**

of two years subject to the Cabinet Member for Adult Social Care and Public Health receiving a risk appraisal prepared by the Procurement Manager and City Solicitor and subject to annual review of the contract value; and that over the span of the Stronger Futures programme, arrangements are agreed to integrate delivery of these services operationally with the refreshed City Council early intervention offer.

**40. Standing Order 58 - Urgent Action - Extending Council Authorised Limit for External Debt (AI 6)**

The Chief Executive explained that there was an obligation to report back on the urgent action taken. Chris Ward as the Director of Finance and S151 Officer, expanded on the opportunity to take advantage of the historically low borrowing rates and he had therefore requested the extension of the borrowing limits.

The Leader was pleased that swift action had been taken following the 'Brexit' referendum result which had been financially advantageous to the Council.

**The Cabinet noted the urgent decision taken by the Chief Executive in response to the above matter in accordance with Standing Order 58 of the council's procedure rules.**

**41. Treasury Management Outturn Report 2015/165 (AI 7)**

Chris Ward, as Director of Finance & S151 Officer, presented his report outlining the council's borrowing and investment activities, and reported that PCC had remained within the necessary limits. One indicator had been exceeded for the approved purpose of extending the acquisitions investment portfolio. He further reported on slippage on the capital programme (but that this delayed spending would take place) and increase of debt. In response to the Leader and Deputy Leader's questions he confirmed that the financial position did not include £40m capital spending available for social housing. The Leader thanked Chris Ward and his team for this report.

**RECOMMENDED TO COUNCIL that the following recommendations relating to Appendices A and B of this report be approved:**

**Appendix A - that the following actual prudential indicators based on the unaudited draft accounts be noted:**

- (a) The actual ratio of non-Housing Revenue Account (HRA) financing costs to the non HRA net revenue stream of 11.9%;**
- (b) The actual ratio of HRA financing costs to the HRA net revenue stream of 13.1%;**
- (c) Actual non HRA capital expenditure for 2015/16 of £115,276,000;**
- (d) Actual HRA capital expenditure for 2015/16 of £27,437,000;**
- (e) The actual non HRA capital financing requirement as at 31 March 2016 of £280,516,000;**
- (f) The actual HRA capital financing requirement as at 31 March 2016 of £154,734,000;**

(g) Actual external debt as at 31 March 2016 was £490,378,035 compared with £462,566,096 at 31 March 2015.

**Appendix B** - That the following actual Treasury Management indicators for 2015/16 be noted:

- (a) The Council's gross debt less investments at 31 March 2016 was £118,551,000;
- (b) The maturity structure of the Council's borrowing was

	Under 1 Year	1 to 2 Years	3 to 5 Years	6 to 10 Years	11 to 20 Years	21 to 30 Years	31 to 40 Years	41 to 50 Years
Actual	1%	1%	2%	4%	18%	10%	22%	42%

- (c) The Council's sums invested for periods longer than 364 days at 31 March 2016 were:

	Actual £m
31/3/2016	196
31/3/2017	106
31/3/2018	33

- (d) The Council's fixed interest rate exposure at 31 March 2016 was £220m, i.e. the Council had net fixed interest rate borrowing of £220m
- (e) The Council's variable interest rate exposure at 31 March 2016 was (£186m), i.e. the Council had net variable interest rate investments of £186m.

#### 42. Treasury Management Mid-Year Review 2016/17 (AI 8)

Chris Ward, as Director of Finance & S151 Officer, presented his report on the mid-year position, with an increase in funds available of 35%. The recommendations set out the better management of the funds and the spread of risk. The Leader welcomed the report and recommendations and thanked the Director for his positive report.

RECOMMENDED (1) that the operational boundary be increased by £50m from £549.5m to £599.5m

(2) that the geographic investment limits applied to regions outside the United Kingdom be increased as follows:

Region	Current Limits	Recommended Revised Limits
Asia & Australia	£60m	£80m
Americas	£60m	£80m
Eurozone	£30m	£60m
Continental Europe outside the	£30m	£60m

Eurozone		
----------	--	--

(3) that the limits placed on total sums invested for periods longer than 364 is increased as follows:

<b>Sums invested beyond:</b>	<b>Current Limits</b>	<b>Recommended Revised Limits</b>
31/3/2017	£196m	£288m
31/3/2018	£123m	£199m
31/3/2019	£90m	£90m

(4) that investments should only be placed with institutions based in either the United Kingdom or sovereign states with at least an AA credit rating (the current strategy requires at least an AA+ credit rating)

(5) It is recommended that investments be permitted 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

(6) that investments in counter parties with long term credit ratings of BBB+ / Baa1 and short term credit ratings of F2 / P-3 / A3 be permitted for periods up to 364 days with an individual counter party limit of £7m

(7) that up to £8m is invested in corporate bond funds where the underlying investments have an average credit rating of at least BBB+ but may include lower rated investment grade holdings

(8) that up to £10m be invested in bonds issued by Hampshire Community Bank providing the bonds can be secured against good quality assets owned by the Bank

(9) that the following actual Treasury Management indicators for July 2016 be noted:

(a) The Council's debt at 31 July was as follows:

	<b>Original Prudential Indicator</b>	<b>Revised Prudential Indicator Under Standing Order 58</b>	<b>Recommended Prudential Indicator</b>	<b>Position at 31/7/16</b>
Authorised Limit	£567.8m	£617.8m	£617.8m	£582.4m
Operational Boundary	£549.5m	£549.5m	£599.5m	£582.4m

(b) The maturity structure of the Council's borrowing was:

	<b>Under 1 Year</b>	<b>1 to 2 Years</b>	<b>3 to 5 Years</b>	<b>6 to 10 Years</b>	<b>11 to 20 Years</b>	<b>21 to 30 Years</b>	<b>31 to 40 Years</b>	<b>41 to 50 Years</b>
Lower Limit	0%	0%	0%	0%	0%	0%	0%	0%
Upper Limit	10%	10%	10%	20%	30%	30%	30%	40%
Actual	1%	1%	4%	7%	22%	12%	18%	35%

(c) Sums invested for periods longer than 364 days at 31 July 2016 were:

<b>(Maturing after</b>	<b>Limit £m</b>	<b>Actual £m</b>
31/3/2017	196	168
31/3/2018	123	90
31/3/2019	90	25

(d) The Council's interest rate exposures at 31 July 2016 were:

	<b>Limit £m</b>	<b>Actual £m</b>
Fixed Interest	358	289
Variable Interest (Net Investments)	(444)	(288)

#### **43. 4 Year Local Government Finance Settlement - Multi Year Settlements (AI 9)**

Chris Ward, as Director of Finance & S151 Officer, presented his report that was linked to the following item regarding a linked Efficiency Plan. The Leader endorsed the 4 year settlement as she did not favour a year on year approach.

Councillor Fleming queried the impact of the Combined Authorities proposals and Chris Ward responded that this was likely to have a positive effect on the Council's financial position with further investment and promotion of economic growth. The Leader also raised the financial effects of the EU Referendum result, the authority bidding to become a pilot area for Non Domestic Rates (NDR) retention and the significant reduction in the Revenue Support Grant. The intention was to remove the vulnerable part of the council's income with 100% retention of Business Rates.

**The Cabinet RECOMMENDED to Council:**

**(1) The government offer of a multi-year settlement to 2019/20 announced on 17 December 2015, be accepted**

**(2) That in accepting the offer of a multi-year settlement, the Efficiency Plan clearly states that the Plan outlines the method by which the Council will pursue its necessary savings in response to both its cost pressures and government funding reductions but that there is no implied acceptance that those cost pressures and government funding reductions can be achieved through efficiencies alone without significant detriment to service provision.**

**44. Efficiency Plan (response to 4 year funding settlement) (AI 10)**

Chris Ward, Director of Finance and S151 Officer presented this item in tandem with the previous item relating to the 4 year Local Government Finance Settlement, as this set out how savings would be delivered in the future. If the settlement was endorsed by Council there was a required timetable for publishing the Efficiency Plan (as set out in the report). The Leader supported the Efficiency Plan.

**DECISION: that the Efficiency Plan is endorsed.**

**45. Revenue Budget Monitoring 2016/17 (1st Quarter) to end June 2016 (AI 11)**

Chris Ward, as Director of Finance and S151 Officer, presented his report which showed an overspend of £661k at this point of the year but he stressed that Adult and Children's Social Care were both in a much healthier position than at this time last year. The Leader welcomed the significant improvement in the financial position for the Council, and she congratulated the Cabinet Members and Directors for their hard work in achieving this. Councillor Donna Jones also commented that the government funding for unaccompanied asylum seeking children was not enough to cover the expenditure incurred and she would ensure that Portsmouth's MPs were aware that compensation was needed.

**RECOMMENDED that**

**(i) The forecast outturn position for 2016/17 be noted:**

**(a) An overspend of £1,620,400 before further forecast transfers from/(to) Portfolio Specific Reserves & Ring Fenced Public Health Reserve**

**(b) An overspend of £661,100 after further forecast transfers from/(to) Portfolio Specific Reserves & Ring Fenced Public Health Reserve.**

**(ii) Members note that any actual overspend at year end will in the first instance be deducted from any Portfolio Specific Reserve balance and once depleted then be deducted from the 2017/18 Cash Limit.**

**(iii) Directors, in consultation with the appropriate Cabinet Member, consider options that seek to minimise any forecast**

**overspend presently being reported and prepare strategies outlining how any consequent reduction to the 2017/18 Portfolio cash limit will be managed to avoid further overspending during 2017/18.**

**46. Exclusion of Press and Public (AI 12)**

**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 item on the grounds that the report(s) contain information defined as exempt in Part 1 of Schedule 12A to the Local Government Act, 1972.

Minute item 47 - Sale and Leaseback Property (appendix only) under Paragraph 3 (financial interests).

**47. Sale and Leaseback - Property in White Hart Road (AI 13)**

Discussion of this item took place in exempt session, with Tom Southall presenting the report on behalf of the Director of Housing & Property and answering questions from the cabinet members regarding levels of risk involved in property transactions and the most appropriate timescale.

**DECISION that Cabinet authorised:**

**(1) Granting a new headlease and leaseback in land on White Hart Road, Portsmouth.**

**(2) A delegated authority to the Director of Property and the Director of Finance & Section 151 Officer, taking advice from the City Solicitor, and in consultation with the Leader of the City Council, to approve the completion of disposal in (1) above.**

**(3) The reinvestment of the Capital receipt produced by the transaction into the property investment strategy, in order to spread risk and deliver an improved financial return.**

The meeting concluded at 2.15 pm.

---

Councillor Donna Jones  
Leader of the Council