

CABINET

RECORD OF DECISIONS of the meeting of the Cabinet held on Tuesday, 27 November 2018 at 9.00 am at the Guildhall, Portsmouth

Present

Councillor Gerald Vernon-Jackson CBE (in the Chair)

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

54. Apologies for Absence (AI 1)

Councillor Dowling had submitted his apologies for absence.

55. Declarations of Interests (AI 2)

There were no declarations of members' interests.

56. Forward Plan Omission (AI 3)

The Cabinet noted:

- (1) The omission to the Forward plan covering November 2018 and
- (2) The publication of the omission notice.

57. Victory Energy Supply Limited (VESL) - Expert Review of Business Case (reconsideration) (AI 4)

Councillor Gerald Vernon-Jackson, as Leader, set out the background to this meeting, having appeared at the Scrutiny Management Panel on 21 September 2018, at which he had agreed to look at the matter again.

Deputations are not minuted in full as the meeting is livestreamed (webcast) so can be viewed here:

<https://livestream.com/accounts/14063785/Full-Cabinet-23Nov2018>

Deputations were heard from the following:

- i) Mr J Brown - setting out his concerns regarding the financial modelling and business case for VESL
- ii) Councillor Hugh Mason - giving his views on the new business case and asking for the Cabinet to have further details on the basis of the estimated financial outcomes

- iii) Councillor Ian Lyon - advocating proceeding with investment in VESL
- iv) Councillor Donna Jones - welcomed the opportunity to reconsider the Cabinet's decision and speaking of her experience as a director on the board of the energy company and asking that Option 1 be supported
- v) Councillor Judith Smyth also supported Option 1 to continue with VESL to be innovative in supporting public services

Councillor Vernon-Jackson sought confirmation from the officers that new information had been provided, as requested by the call-in. Chris Ward, Section 151 Officer, confirmed that the social impact assessment had been requested and incorporated and new information as requested by the Administration.

The Leader also asked the City Solicitor to explain the position of the decision being taken at this meeting; Michael Lawther explained the principles of the Cabinet system under the Local Government Act 2000, and that if, after reflection, a decision was not substantially different to the previous decision, it would not be subject to call-in.

Chris Ward as Director of Finance and Section 151 Officer presented his report, which outlined the results of the 2 independent reviews setting out the business case, detailed assumptions and risks that would need to be managed. The updated information now included the known price cap and inclusion of the Warm Homes Discount and social impact assessment. There was also new information on the tariff (which would be lower than that offered by the "big 6") and an updated cost of disposal.

Section 1.8 of the Director of Finance's report summarised the shift in findings since the previous Cabinet consideration in August 2018. David Williams, as Chief Executive, advised the Cabinet to be cognisant of the Council approval of the Income Generation Strategy since the previous consideration of the VESL report.

Councillor Vernon-Jackson thanked Councillor Jones for the opportunity to reconsider the implications and those who had worked on updating the information available for Cabinet which was helpful. However, due to the level of risk with taxpayers' money, he would favour Option 2 to cease investment in VESL.

Councillor Pitt did not believe that the outlay made so far was justification for prolonging investment, due to the potential risks involved at a time of continued, uncontrollable pressures on Social Care budgets. If the company folded the debt would need to be repaid. Councillor Sanders had spoken to colleagues in energy companies and was also mindful of the level of risk for the authority.

The Leader summed up, having favoured Option 2, in conjunction with the Cabinet's decision to reconfirm their previous decision taken on 10 August 2018 (Option 4), as the Cabinet Members had come to the same decision, but

with regard for the additional information that the call-in procedure had resulted in.

DECISIONS:

The Cabinet considered the options set out in the new report and in reconfirming their previous decision, taking account of the potential risks and rewards, determined that:

- (1) Option 4 should proceed, i.e. to seek to enter into a "White Label" agreement with an existing fully licensed energy supplier and cease investment into Victory Energy Supply Limited**
- (2) external support be sought to enable the Council to cease its investment in Victory Energy Supply Limited (VESL) and seek to dispose of the Council's interest at the best possible value for the Council and to delegate to S151 and City Solicitor to conclude all of the necessary agreements to facilitate a sale**
- (3) any solar PV contracts entered into by VESL continue to be honoured by the Council;**
- (4) the Council develops a comprehensive campaign for tackling fuel poverty and looks to resume the promotion of PCC's energy saving website;**
- (5) an Outline Business Case be brought forward by the Council's in-house Energy Savings Team to re-evaluate commercial opportunities (previously approved by Cabinet 8 December 2016).**

(The advice of the City Solicitor and Monitoring Officer is that this decision is not subject to call-in)

The meeting concluded at 10.03 am.

.....
Councillor Gerald Vernon-Jackson CBE
Leader of the Council