

RECORD OF DECISIONS of the meeting of the Cabinet held on Tuesday, 28 November 2023 at 2 pm at the Guildhall, Portsmouth

Present

Councillor Steve Pitt (in the Chair)

Suzy Horton
Kimberly Barrett
Lee Hunt
Hugh Mason
Darren Sanders
Gerald Vernon-Jackson
Matthew Winnington

90. Apologies for Absence (AI 1)

Apologies for absence were received from Councillors Dave Ashmore and Ian Holder. Councillors Hunt and Sanders gave apologies as they had to leave at 2.40 pm for other commitments. Members agreed to consider agenda item 9 (HRA Residential Stock Portfolio Acquisition) before agenda item 7 (Unauthorised Encampments) to accommodate Councillor Sanders' commitment. However, for ease of reference the minutes will remain in the original order.

91. Declarations of Interests (AI 2)

Councillor Vernon-Jackson sought advice from the City Solicitor about agenda item 5 (Hampshire Minerals and Waste Plan) as he was a Director of Portico which imported aggregates; he was advised he did not have to declare an interest.

92. Record of previous decision meeting - 31 October 2023 (AI 3)

The record of decisions from the meeting held on 31 October 2023 was approved as a correct record.

93. Appointment to Outside Organisation - Elementary Education Foundation (AI 4)

James Harris, Senior Local Democracy Officer, introduced the report, pointing out that the position was that of a trustee.

DECISION

The Cabinet agreed that Councillor Darren Sanders be appointed as a trustee of the Elementary Education Foundation.

94. Hampshire Minerals and Waste Plan (AI 5)

Lucy Howard, Head of Planning Policy, introduced the report.

DECISIONS

The Cabinet (recommended for Council)

- 1. Approved the Hampshire Minerals and Waste Plan: Partial Update – Proposed Submission Plan as set out in this report and will be subject to public consultation; and**

2. Gave delegated authority to the Director of Hampshire 2050 to agree minor amendments to the Proposed Submission Plan prior to consultation.

- 95. Portsmouth Port Health Authority at the Portsmouth International Port**
Richard Lee, Assistant Director, Culture, Leisure & Regulatory Services, introduced the report and outlined the complicated journey towards delivering the port health authority function. So far three out of four programme delivery models have been suspended. The Border Target Operating Model published in August 2023 superseded the April 2023 version though it comprised general principles only. Government funding to support full cost recovery had been agreed until 30 April 2024 but could be extended on application to 31 July 2024. The Port needed to be ready to deliver by 30 April 2024 and the next key target date (5 February) was the designation of the border control post (BCP) as being able to handle official controls for food. The Port could apply for funding of £150,00 for staff and £180,000 for equipment and a contract for official veterinarians to prepare. The Ecosystem of Trust ("trusted traders") scheme and the timed-out decision contingency feature were measures in case the Port was not ready by 30 April 2024. Mr Lee has had hundreds of meetings over the last few years with government agencies and has expressed concerns about the implications for local taxpayers, biosecurity, recruitment and the running of the Port

Mr Lee outlined the implications of the three options in the risk matrix. The figure of 28 staff operating for 18 hours per day all year in Option 1 was based on a document check taking 25 minutes and 50 minutes each for physical and identity checks. About thirty staff had been recruited but many had left or been made redundant. Even if new ones were recruited it might be difficult to train them in time. If Option 1 was RAG rated most points would be red with some amber. The council would continue to negotiate with the government over the implications of Option 1.

Councillor Vernon-Jackson said the report was the most worrying and serious report to come to the council in 20 years and Mr Lee's warnings should be taken seriously. There was already the £6m cost to Portsmouth of the "white elephant" of the BCP and now there was the difficult decision of either the Portsmouth taxpayer picking up the cost (£2.4m to £2.7m annually if Option 1 was adopted) or worse alternatives. The city might not be able to afford to allow certain products through the Port which would reduce the number of traders and be a risk to the UK's economy. If all imports went to Dover (whose BCP had been fully funded) it would be a single point of failure in the event of disruption. The government needed to understand this was a national issue.

Other members were concerned about the government's previous policies and current brinkmanship which frustrated the successful running of the Port and would make life more difficult for Portsmouth taxpayers. They urged Penny Mordaunt MP to insist on co-ordinated action to get the Port funded properly. Local taxpayers were paying for the government's failure to resolve the unsatisfactory situation.

In response to questions from members on the possibility of lifting checks for EU goods, Mr Lee said the government had specified checks for medium and high-risk goods and were considering a regime for low-risk goods. However, they were not considering measures that would lead to a better cost recovery mechanism. Trying to find the right number of staff in a short period of time as set out in the report was a difficult equation that left the Portsmouth taxpayer at risk. Funding any control regime was unlikely to deliver full-cost recovery.

The seven current staff regularly check for illegal pork products. There was a real risk to biosecurity if the checking regime was not as required.

Councillor Pitt noted that staff would have to be recruited again and those who had previously been employed might be deterred from re-applying. The Port was in a difficult situation and reliant on the government producing another amendment. In the light of the above, Option 1 was the "least worst" of the three.

DECISIONS

The Cabinet

- 1. Approved the adoption of proposal Option 1 (Section 5.1) as the preferred method of implementing the PPHA.**
- 2. Acknowledged that HMG has provided assurances of financial support to the delivery of the PPHA during its initial development "only" until April or July 2024.**
- 3. Acknowledged that HMG has "not" provided financial assurances beyond April or July 2024 and that should the PPHA not achieve full financial recovery through the implementation of charges beyond these dates that there is a significant risk of failing to achieve a cost neutral position and that therefore there is the potential for financial risks to the Portsmouth taxpayer.**
- 4. Requested that the Leader, in consultation with the Director of Culture Leisure and Regulatory Services write to HMG that their assurances in terms of delivering the PPHA function are considered unacceptable and are unlikely to meet the requirements of the BTOM in such a manner that the elements within Section 1.2 are met.**
- 5. Ensured that any such letter confirms that the council needs to be cautious with the use of public funds to press ahead with significant recruitment and cost implications given there have been numerous failed directions imposed this far and which clearly sets out this is an unfair burden being placed on local residents at significant cost and uncertainty, and request again that additional new burdens funding is provided.**
- 6. Ensured any such letter shall continue to seek adequate assurances of support from HMG for the delivery of the PPHA beyond April or July 2023 should this be required.**
- 7. Kept the implementation and operation of the BTOM under continuous review, ensuring that an unfair financial burden does not fall to the Portsmouth taxpayers.**
- 8. Recognised that this situation has been, and is likely to continue to be, subject to significant change by HMG at short notice, and therefore that further recommendations may be made. These**

recommendations were correct at the time of writing i.e., 18th November 2023.

9. **Agreed to further consider the adoption of Option 2 (Section 5.2) or Option 3 (Section 5.3) as the preferred method of implementing the PPHA given "(b.) to (g.)" above and the uncertainty of further assurances being provided.**
10. **Adopted the suggestions made in Section 7.**

96. Unauthorised encampments

Colette Hill, Assistant Director, Neighbourhoods, introduced the report, noting that Appendix 3 was not an exhaustive list of site protection measures but those where there were records. The Gypsy and Traveller Accommodation Assessment was being reviewed as part of the Local Plan. The Director of Housing, Neighbourhood & Building Services had invited the opposition spokespeople to a meeting on 5 December to discuss the approach to unauthorised encampments.

Councillor Pitt said unauthorised encampments were a tricky issue the council had to address every year and the report made clear to everyone what it was doing. Sometimes the council was criticised for not taking action but persistence in accessing land has been increasing, with even acid used to melt locks. Some encampments did not leave a mess and it was important to reflect this.

In response to questions from members, Ms Hill said Culture & Leisure installed the boulders in Pembroke Gardens. Even if boulders were massive they could still be removed and the council wanted to maintain the character of the area. The relatively high cost of clearing up Milton Common was due to the size of the encampment and the items left behind.

Councillor Vernon-Jackson pointed out that local authorities did not have the same powers as private landlords and it took much longer to remove unauthorised encampments from public land. He urged writing to the government to rectify the situation as at the moment the council was picking up the bills. Ms Hill said the police can use their powers appropriately regardless of land status and council participation at the daily police management meeting was productive.

DECISION

The Cabinet noted the report for onward submission to Full Council as requested in the Notice of Motion agreed on 18 July 2023.

97. Exclusion of press and public (AI 8)

Members agreed to remain in open session but not refer to the exempt information.

DECISION

The confidentiality of Appendices 1, 4 and 7 only, relating to commercial matters, was upheld.

98. Housing Revenue Account Residential Stock Portfolio Acquisition (AI 9)

James Hill, (Director of Housing, Neighbourhood & Building Services), introduced the report which described the transfer of 818 units of stock from Clarion Housing Group to the council. Once the Non-Disclosure Agreement had been partially released on 20 November briefings had been held for all members and the Residents' Consortium with a further update for the latter on 7 December. The acquisition was still subject to outstanding due diligence, financial appraisal, and stock transfer consultation and approval by Clarion's Board. If agreed, the transfer point was mid-February 2024. Mr Hill thanked all those involved in working on the challenges of the transfer process, particularly IT and HR. Those councils who nominated to Clarion stock would continue to do so. The transferring tenants would have the same service level as council tenants and leaseholders. The acquisition would support the long-term sustainability of the Housing Revenue Account.

Councillor Sanders, Cabinet Member for Housing & Tackling Homelessness, thanked opposition members and the Residents' Consortium for attending briefings. He highlighted two points that had been raised. Firstly, the financial modelling was based on a reasonable worst case scenario rather than pipe dreams. Secondly, some members of the Residents' Consortium were concerned that the repairs service would be adversely affected but it would not be.

Councillor Hunt congratulated all those involved in the acquisition which had shown great leadership and cross-party support. Nelson ward residents were thrilled about the news. The council was a good landlord.

Officers said the number of employees subject to TUPE was not known yet but was part of the due diligence process. It was hoped to have at least two Clarion employees and that they would bring their knowledge and experience. There was no impact on the council's existing workforce.

DECISIONS

The Cabinet endorsed the contents of this report and recommended that Full Council:

- 1. Subject to the approval of the recommendations below, delegate authority to the Director for Housing, Neighbourhood and Building Services; Director of Finance & Resources and Section 151 Officer, taking advice from the Council's externally appointed legal advisors, and in consultation with the Leader of the City Council and Cabinet Member for Housing and Tackling Homelessness, to acquire Lot 1a; and**
- 2. Approve that the 'Residential Stock Portfolio Acquisition' scheme be added to the Housing Revenue Account (HRA) section of the Council's Capital Programme with a budget set out in Appendix One to cover the purchase of the housing portfolio, associated fees and planned refurbishment works, and financed by borrowing, subject to the satisfactory completion of:**
 - i. The outstanding due diligence; and**
 - ii. A financial appraisal, approved by the Director of Finance & Resources and S.151 Officer that demonstrates (based on the**

- completed due diligence) that the financial impact and risks are affordable and manageable by the Council; and
3. Approve the following amendments to the Treasury Management Limits, to facilitate the additional capital expenditure for this acquisition:
 - i. To increase the authorised limit for external borrowing to £1,176m; and
 - ii. To increase the operational boundary to £1,143m; and
 4. That in order that advance treasury management preparations can be made for the transaction should the acquisition proceed:
 - i. The sector limit for investments in money market funds is temporarily increased to £105m.
 5. Note that in approving the temporary changes to the treasury management limits, no obligation to acquire the housing portfolio Lot 1a has been entered into and no long-term financial liabilities have been incurred. The changes simply enable the Council to accumulate the necessary funding in a risk managed and cost-efficient manner and have funds available should the transaction be completed; the risks are considered negligible; and
 6. Note that the acquisition is subject to Clarion completing a successful formal stock transfer consultation of Clarion residents and Clarion Housing Group Board approval.

99. Revenue Budget Monitoring 2023/24 (Second Quarter) to end September 2023

Chris Ward, Director of Finance and Resources, introduced the report and warned that the council needed to look at areas of financial stress and to budget appropriately next year. He acknowledged Councillor Pitt's comment that overspending on statutory services such as adult and children's social care was almost unavoidable. There were no choices even where amounts were allocated. Members thanked Mr Ward and the finance team for maintaining financial discipline and sustainability.

DECISIONS

The Cabinet

1. Agreed that the General Fund Forecast Outturn for 2023/24 (as at 30th September 2023) be noted:

The underspend is analysed as follows:

FORECAST OUTTURN 2023/24		£000
Forecast Net Overspend (before transfers to/from) Reserves		2,034
Less Transfers From Portfolio / Cabinet Reserve:		
	Overspendings (in accordance with approved Council resolutions)	(1,190)
Add Transfers to Portfolio and Other Reserves:		
	Underspendings (in accordance with approved Council resolutions)	612

Forecast Net Overspend 2023/24 (before Windfall Costs)	1,456
Less Expenditure funded from Corporate Contingency:	
Windfall Costs	(1,251)
Forecast Net Overspend 2023/24	205

2. Noted that the pay award for 2023/24 has been agreed at a level which is £1.8m greater than the budget provision. Whilst this can be funded from the Council's Corporate Contingency in the current financial year, it will have a negative impact on the Council's overall financial position for future years.
3. Noted that in accordance with approved policy as described in Section 6 any actual overspend at year end will in the first instance be deducted from any Portfolio Reserve balance and once depleted then be deducted from the 2024/25 Cash Limit.
4. Agreed that Directors, in consultation with the appropriate Cabinet Member, consider options that seek to minimise any forecast overspending presently being reported and prepare strategies outlining how any consequent reduction to the 2024/25 Portfolio cash limit will be managed to avoid further overspending during 2024/25.

100. Treasury Management Mid-Year Review 2023/24

Chris Ward, Director of Finance and Resources, introduced the report and noted that the council had remained within its treasury management policy as approved by Full Council in March 2023.

DECISIONS

The Cabinet noted that

1. The Council's Treasury Management activities have remained within the Treasury Management Policy 2023/24 in the period up to 30 September 2023.
2. The actual Treasury Management indicators at 30 September 2023 set out in Appendix A be noted.
3. The report goes to Full Council on 12 December 2023.

101. Exclusion of press and public

Members agreed to remain in open session but not refer to the exempt information.

DECISION

The confidentiality of the full report was upheld.

102. Forward Plan Omission Notice - Application for research funding

The Application for research funding by the Director of Public Health was omitted from the Forward Plan covering 30 October 2023 to 30 January 2024. The Chair of the City Council's Scrutiny Management Panel has been notified and a public notice published.

DECISIONS:

1. **Noted the omission for the Forward Plan for 30 October 2023 to 30 January 2024.**
2. **Noted the publication of the notice.**

103. Application for research funding

Matthew Gummerson, Assistant Director, Strategic Intelligence & Research, introduced the report. He explained the Department of Health & Social Care's strict embargo would put access to funding at risk if too much information was given before the co-ordinated national announcement. The bid to the National Institute for Health Research for £5m funding over five years would develop the council's capacity for high quality research within existing teams to see how health inequalities affected residents and how to address them. The council had been awarded development funding from January 2024 to January 2025 and had applied to become a full Health Determinants Research Collaboration (HDRC) from 1 January 2025. It had submitted a proposal but would not have to bid again. The Directors of Housing and Public Health would be co-directors of the HDRC.

Councillor Winnington, Cabinet Member for Community Wellbeing, Health & Care, looked forward to being able to discuss the proposal when permitted.

DECISION

The Cabinet agreed to proceed with the proposal.

The meeting concluded at 2.56 pm.

Councillor Steve Pitt
Leader of the Council