

RECORD of the meeting of the Cabinet held on Tuesday 1 October 2024 at 2 pm at the Guildhall, Portsmouth

Present

Councillor Steve Pitt (in the Chair)

Darren Sanders
Dave Ashmore
Kimberly Barrett
Peter Candlish
Suzy Horton
Lee Hunt
Hugh Mason
Matthew Winnington

70. Apologies for Absence (AI 1)

Apologies for absence were received from Councillor Chris Attwell. Councillor Hunt gave apologies as he had to leave at 3.15 pm for another meeting.

71. Declarations of Interests (AI 2)

There were no declarations of interest.

72. Record of previous decision meeting - 10 September 2024 (AI 3)

The record of the previous decision meeting held on 10 September 2024 was agreed as a correct record.

73. Exclusion of Press and Public (AI 4)

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

DECISION

The confidentiality of Appendices A and B only, relating to commercial matters, was upheld.

74. Portico Shipping Ltd Review (AI 5)

Mike Sellers, Port Director, introduced the report and explained he was presenting it as a shareholder representative on behalf of the council, who are a shareholder on Portico Shipping Ltd. In the light of independent legal advice on subsidy control the report's legal comments had been revised and re-published. Mr Sellers drew attention to paragraph 9.9 which suggested an independent legal review around Portico's structure and its Articles of Association.

In response to a question about the positive forecast to the annual return to the council, Mr Sellers explained that as to how far this depended on the acquisition of new business and an upturn in the economy, new business had been through the council's financial scrutiny and downrated so that returns would still be in favour of the council. New business would be needed to make the forecast profitable and legacy agreements needed to get back in line with inflation to help with economic growth. He could not say what the split was exactly but it was a combination of the two factors.

DECISIONS:

The Cabinet recommended that Full Council:

1.1 Approves Portico's investment requirement of £20m over the next 10 years, to deliver an overall return at today's value (net present value) of £4.4m during the period 2024/25 to 2033/34, and agrees to finance this, as follows (subject to recommendations 2.2.2, 2.2.3, 2.2.4 and 2.2.5 below):

- £1.9m funded from Portico's existing loan facility;
- £13.6m funded from an increase in Portico's loan facility; and
- £4.5m funded directly through the direct acquisition by the Council of equipment and lease to Portico on commercial terms.

1.2 Agrees that the Council's Authorised Limit (the maximum amount of borrowing permitted by the Council) and the Operational Boundary (the maximum amount of borrowing that is expected) approved by Full Council on 13 February 2024 is increased to accommodate the phasing of Portico's £20m investment requirement.

The Cabinet agreed that:

2.1 The Council retain Portico and that the amended budget (Section 6, Option 1) is adopted as the Council's preferred option.

2.2 Updated subsidy control advice is gained by the Council.

2.3 The Council loan is provided on terms and at a rate consistent with subsidy control legislation.

2.4 Any draw down on the loan facility by Portico is subject to the following:

- i) A rolling annual review of the 20 Year Business Plan demonstrating the continuing viability of Portico and that the continued operation of Portico continues to deliver the best financial return compared with all other viable alternatives
- ii) The Capital Investment is necessary either for the sustainability of existing income streams or for the generation of additional income.
- iii) Any proposed Capital Investment itself represents the most favourable return when assessed against the balance of:
 - The financial return on a Net Present Value basis and over the whole life of the asset created versus other potential options for the same outcome.
 - The relative risk of each alternative option.
- iv) Approval by the S151 Officer.

2.5 Continued parent company support and the availability of the loan facility is subject to the annual review by the Company Advisory Board, and approval of a satisfactory Budget and 3 Year Business Plan, which must demonstrate to the shareholders satisfaction that:

- The assumptions that underpin the 3 Year Business Plan are robust with a more than reasonable chance of being achievable.
- That the 3 Year Business Plan is prepared to illustrate the financial effect of reasonable optimistic and reasonable pessimistic scenarios, in order that the shareholder is aware of the reasonable range of risk associated with the "Base Case" Business Plan.

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

2.6 The Council keeps under review the returns that would reasonably be expected to be achieved from alternative uses of the site, undertaking a formal review at the earlier of every 5 years or an expectation that the financial performance set out in recommendation 2.1.1 above is unlikely to be achieved.

2.7 Portico is restructured, to include the creation of subsidiary companies and a holding company, as recommended by the independent review, to enable the business to remain competitive, and meet market needs.

2.8 It is noted that the Portico operation provides additional volumes for pilotage and towage which supports the need for a dedicated service for both aiding PIP cruise and ferry.

75. Portsmouth Cemeteries Delivery Plan – Post-consultation (AI 6)

Claire Watkins, Business Manager, introduced the report

Officers confirmed that with regard to action point 12 (Review options for exclusive rights periods) the options would be brought back for formal decision making for Member approval. Members commended officers for garnering so many responses and noted the Delivery Plan sat within the wider Local Plan. They thanked officers for their work on it as cemeteries were something that affected people at extremely vulnerable and challenging times in their lives.

DECISION:

The Cabinet formally adopted the Cemeteries Delivery Plan.

76. Heritage Strategy (AI 7)

James Daly, Culture Development & Projects Officer, introduced the report and highlighted the concentration of heritage assets in Portsmouth due to it being a naval and garrison town. As a city it had invested in assets like the forts on Portsdown Hill and Victoria Park for many years. Collaboration with organisations based in Portsmouth such as the National Museum of the Royal Navy, Historic England and the University was important.

Members thanked Mr Daly for his support to the city and the council over many years. Portsmouth's heritage was from "the hill to the sea" but not always obvious as it was all around everyone. Heritage assets were no longer seen as burdens and the council had helped them to pay for themselves by becoming successful businesses, for example, the Round and Square Towers, Southsea Castle, Charles Dickens' birthplace and the Hotwalls. The success of this policy linked into how the council pragmatically managed its money, invested in its assets and worked with partners. Members thanked the volunteers who contributed to the success.

Members noted how the Heritage Strategy fitted in with the Museums Strategy and how the council involved people in cultural regeneration. Heritage showed people where they came from and where they were going. Wards contained items and buildings indicating heritage such as former workhouses and prisons but it was not always evident. Some wards had a large number of listed buildings and Eastney & Craneswater had four forts. As well as the material and cultural aspect, heritage was important for health and wellbeing and could help with community cohesion by giving a sense of belonging, including for people not originally from Portsmouth. Heritage attracted people to the city. The council was one of the leaders in the country when it came to celebrating heritage.

Councillor Pitt said that 12,000 people in Portsmouth relied on tourism and heritage for their jobs. It was right to say heritage was sometimes forgotten as Portsmouth had it in abundance. There was a huge amount to see and do here. The Cabinet requested that their appreciation of James Daly for his work was placed on record.

DECISIONS:

The Cabinet agreed that:

- 1. The Portsmouth Heritage Strategy 2024-2034 be adopted.**
- 2. Progress reports be brought to the Cabinet Member for Culture, Regeneration and Economic Development.**

77. Holiday Activities and Food update (HAF Fun Pompey) (AI 8)

Nicola Clannachan, Head of Housing Community Services, introduced the report.

Councillor Horton, Cabinet Member for Children, Families & Education, had requested the report as it was a necessary good news story. It celebrated the HAF (Holiday Activities and Food), HSF (Household Support Fund, a legacy of Marcus Rashford's work) and the PYC (Play, Youth & Community Service), whose high quality provision made the most of the first two. HAF was cross-Directorate and sat within statutory and non-statutory responsibilities. It was embedded in Early Help and Children's Services to give people the best start as it was never too late for change for the better. HAF worked closely with the voluntary and community sector. However, like many initiatives, HAF was stymied by being on a potential cliff edge in case the funding suddenly ended. Portsmouth was one of the first councils to embed inclusion in everything it did so she implored the government to listen to what the council did well and step up.

Members noted the difference community centres and play areas made in deprived wards. Initiatives were funded, then renamed and returned in a different guise so HAF might return. Members appealed to the city's two MPs to talk to the government. They were concerned that the government thought the council's homelessness programme was too expensive. The council stepped up, had its finances under control and acted in partnership. There were facilities for children and young people such as swimming lessons and a new youth centre in Stamshaw with two new youth workers. Its partnership working enabled children and young children to benefit all year round.

Councillor Pitt said comments on HAF showed that no other programme helped people in so many ways. He sent a clear message to the Labour government that it had said it would listen to local authorities and "do with them, not to" and then it withdrew the winter fuel allowance and released prisoners early (but with no plans for housing them) with no consultation. Guidance for the most recent HSF funding had only been provided the day before it was due to start. Ending HAF would be an act of harm on every community in the country. The council would lobby the government as if it was serious about giving the best start in life the council had to have HAF. Councillor Pitt asked Ms Clannachan to pass on thanks to her team and all partners involved as they had built something really special.

The Cabinet noted the report.

78. Approval of Corporate Plan 2024-2026 (AI 9)

Paddy May, Corporate Strategy Manager, introduced the report

Councillor Pitt thanked Mr May and Kelly Nash, Corporate Performance Manager, and other officers for their work on the Corporate Plan.

Although the title might sound dry, members brought colour to the Corporate Plan by noting how it protected high quality services which other local authorities had had to jettison. The amount of work under the radar should never be taken for granted even though the council was always reminded of things like a missed bin. Members were asked many times if the council was leading, for example, on the Port, heritage, neurodiversity, foster care (it had introduced the Mockingbird model and was the lead on a regional fostering agency), bus regeneration, good financial reputation, and a multi-award winning energy team. They thanked all officers who had enabled the council to do this and the Plan was the basis of this work.

Members noted the importance of lifelong learning and education in improving health and wellbeing to improve life, especially for children. Education was a key to civic pride, for example, not littering, and for teaching parents and children to do well. The real divide in the city was poverty rather than race or religion. Opportunities must be improved for people in the city and the Corporate Plan helped the council to target resources. Team Portsmouth was the bedrock of Portsmouth.

The Plan was remarkable and very well put together. It showed how the council thought consistently and coherently. Collaboration was why the council could do what it did; it did not collaborate just because it was the good thing to do but because it came naturally. For example, it had the only fully integrated learning disability service in the country, and when other local authorities asked how it was done, the answer was collaboration, as shown in the case studies. The new Bransbury Leisure Centre with a GP surgery was all about collaboration, trust and reaching out to residents and local GPs, who took the council seriously because of nearly 20 years of integration. Other areas were now envious of Portsmouth. The Health Research Determinants Collaboration £5m funding would underpin what the council could do for the

city. The project was the only one in the country with people in the community driving it.

Councillor Pitt noted Team Portsmouth was the City Vision which was developed across the city with health, natural environment, large businesses, tourism amongst others and equally broad representation signed up to the resulting document. The Corporate Plan did not happen this way in other councils as they owned it rather than talking to people. The Plan was a "call to arms" and strongly recognized the "business as usual" work done by thousands of people every day year in year out. People worked hard as they were embedded in their communities so the council must never do anything that put community cohesion at risk.

DECISIONS:

The Cabinet

- 1. Endorsed the new medium-term Council Corporate Plan - 2024-26 (see Appendix 1) and agree that this should be taken to Full Council for approval.**
- 2. Noted that the plan demonstrates the Council's commitment to supporting the achievement of the Vision for Portsmouth that has previously been agreed with partners.**
- 3. Agreed that delegated authority be given to the Chief Executive to make minor changes to the draft document prior to publication.**

79. Revenue Budget Monitoring 2024/2025 (First Quarter) to end June 2024 (AI 10)

Chris Ward, Director of Finance & Resources, introduced the report and explained the three key areas of financial stress - adult social care, children's social care and temporary accommodation - were being experienced across the country. The stress could be offset by treasury management activities and anticipating risks, for example, temporary accommodation costs were offset by contingency funds. When funding was removed for those types of risk it left a £3.6m net overspend. The council could accommodate risk within overall contingency but more important was how it could mitigate and manage downwards future pressures, otherwise savings would need to be made. There was a cliff edge of about £19.5m government funding where it was unknown if it would continue. No announcements would impact on services and the uncertainty would make setting the council's budget a challenging process.

Members said the council was not in a great position but it was still one that other local authorities envied due to its prudence and financial approach. To start moving more people out of temporary accommodation it would ask the government to give funding upfront to resolve problems as that saved more later rather than having to deal with the consequences. The council might have to spend another £2m on rough sleeping in case of a cliff edge so had to prepare for the worst case scenario. It did not need to be in this distressing situation and before the general election had asked the new government for an emergency budget as the longer the wait the worse it got. Voluntary sector organisations ran many of the council's services and if they knew there was no more funding they could have prepared. Some may not survive. The

"graph of doom" was already known in the social care sector but the government had not acted on it. The Darzi Report alluded to social care but still did not say much. A big fear was having a Chancellor with a genius of making things look good but not improving them. The council was in a significantly better situation than others, for which members thanked officers, but it was not good at all and very frustrating not knowing finances.

There were no answers but the discussion had highlighted dilemmas. The council dealt with a complex matrix of situations. Families in Portsmouth had been through austerity, Covid and the cost of living crisis. Covid was not equal and its effects were still evident, for example, five-year-olds not ready to start school, as they had been through "the experiment that would not have passed the ethics committee." As well as increased demand there was more complexity of need. It was important to redevelop services so they gave people the life they deserved. The council knew its communities best so could give them a fighting chance.

DECISIONS:

The Cabinet

- 1. Noted the General Fund Forecast Outturn for 2024/25 (as at 30th June 2024).**
- 2. 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 2025/26 Cash Limit.**
- 3. 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 2025/26 Portfolio cash limit will be managed to avoid further overspending during 2025/26.**

Councillor Hunt left after this item as he had another meeting.

80. Local Council Tax Support for working age residents - Permission to consult (AI 11)

Chris Ward, Director of Finance & Resources, introduced the report.

Councillor Pitt noted that as a priority debt the council was obliged to pursue it which caused extra stress for people already struggling to pay, especially those on Universal Credit, as any change in income affected it which in turn affected how much Council Tax they paid. The proposal should mitigate against the risk of defaulting on payments. He realised those on larger incomes might have to pay more but believed those with the greatest need had priority. Other councils had already implemented this proposal.

Members hoped the precepting authority would agree with the proposal which showed what innovative local authorities could do. Many people were unhappy and felt ignored and were open to easy answers from those who sought to divide whereas it was easier to listen to them. The Household Support Fund targeted those who were just about managing and those just above being eligible for benefits. Pensioners felt punished by the loss of the

winter fuel allowance. The Liberal Democrats were delighted as they could look people in the eye and say they could help. Members welcomed the simplification as they had often helped residents with applications for council tax support. The proposal would help those just managing to make ends meet.

Councillor Pitt thanked Mr Ward for the report and those present for the wide-ranging discussions.

DECISIONS

The Cabinet agreed that:

- 1. The Council undertakes a consultation with the public and major precepting authorities for the introduction of a new income banded / grid scheme for working age applicants with effect from 01 April 2025, intended to simplify the application process, increase LCTS take up, mitigate frequent reassessment of council tax bills as a consequence of Universal Credit changes, and to increase the overall level of support for the lowest income families.**
- 2. The results of the consultation and any recommended changes to the scheme are made to Full Council in January 2025 with a view to any revised scheme being adopted for 2025/26.**

The meeting concluded at 3.25 pm.

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Councillor Steve Pitt
Leader of the Council