

## **CABINET**

RECORD OF DECISIONS of the meeting of the Cabinet held on Thursday, 5 March 2015 at 1.00 pm at the Guildhall, Portsmouth

### **Present**

Councillor Donna Jones (in the Chair)

Councillors Luke Stubbs  
Ken Ellcome  
Frank Jonas  
Lee Mason  
Robert New  
Linda Symes  
Steve Wemyss  
Neill Young

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

These were received for late arrival from Councillors Lee Mason and Steve Wemyss.

The chairs of the two scrutiny panels submitting reports had been submitted, Councillors Will Purvis and Darren Sanders, also had sent their apologies for absence for this meeting.

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

Councillor Wemyss made a non-prejudicial declaration as an employee of the NHS, relating to the scrutiny review of hospital admissions in Portsmouth (agenda item 8).

#### **16. Record of Previous Decision Meeting - 5 February 2015 (AI 3)**

**RESOLVED that the record of decisions of the Cabinet Meeting held on 5 February 2015 were agreed as a correct record to be signed by the chair accordingly.**

#### **17. Local Transport Plan 3 - 2015/16 (AI 4)**

A report by the Head of Transport & Environment was presented by Marc Griffin, Assistant Head of Service and Hayley Chivers, Strategic Transport Planner. They were thanked for their comprehensive report and positive schemes that would help progress safety issues in the city which were welcomed by the Cabinet.

**RECOMMENDED that Council :**

- 1) Approves the Implementation Plan (as attached to the report)**

- 2) **Delegates authority to the Head of Transport and Environment\* in consultation with the Cabinet Member for Traffic and Transportation, the Strategic Director for Regeneration\* and the Section 151 Officer to agree any minor amendments to the Implementation Plan that may be required to take account of future funding changes and policy announcements.**

(\*or their successors in title)

**18. Special Educational Needs and Disabilities (SEND) - Implementation Grant (New Burdens) 2015-16 allocation (AI 5)**

Julia Katherine, the Inclusion Commissioning Manager presented her report and was thanked by the Leader and portfolio holder for Children & Education for her work, and that of her team, which had been recognised and praised by the Secretary of State for Education as well as the Department of Education. It was noted that there would need to be approximately 1,000 statements converted to Education Health and Care Plans over the next three years.

**DECISIONS the Cabinet:**

- 1) **Approved the full allocation of the Special Educational Needs Implementation Grant of £116,389 in 2015-16.**
- 2) **Approved the proposals for utilising the grant to continue to fund the staff who have been employed on a fixed term basis to enable successful conversion of existing statements and Moving-on Plans to Education Health and Care Plans.**

**19. Building Control Partnership - update (AI 6)**

Claire Upton-Brown, City Development Manager and Robin Rimmer, Business Change Manager, presented their report. There was an update on the progress with discussions between the city council and the established Fareham partnership.

**DECISIONS the Cabinet noted:**

- (1) **That the Strategic Director (SD) for Regeneration in consultation with the portfolio holder for PRED have endorsed the recommendation that PCC enter into a partnership arrangement with the Fareham and Gosport Building Control partnership.**
- (2) **The progress and that the proposed date for the formation of the new partnership is 1<sup>st</sup> May 2015 (subject to formal endorsement by Fareham and Gosport Borough Councils -March /April).**

**20. ECYP Scrutiny report on pupil premium in Portsmouth Schools with response report (AI 7)**

Marc Harder, Education Improvement Commissioning Manager, presented the report on behalf of Julien Kramer, Interim Head of Education and explained the scrutiny panel had investigated how schools were using and identifying PPG and the sharing of good practice in the city, hearing from teachers and governors as part of the review. Councillor Young as the Cabinet Member for Children & Education thanked the panel for their sensible report as it was important to see that the Pupil Premium was used well. Marc Harder was also thanked by the Cabinet for his services to the council and he was wished good luck with his new job at Hampshire County Council.

**DECISIONS:**

- (1) That the panel is thanked for its work in undertaking the review**
- (2) The Cabinet noted and supported the recommendations in the report (as listed on pages 6-7 of the report).**
- (3) The original report is circulated with a covering letter to all schools to advise of the panel's findings and to highlight the ongoing importance of the PPG.**

**21. Housing & Social Care Scrutiny Review into hospital discharge arrangements in Portsmouth with response report (AI 8)**

Councillor Wemyss made a non-prejudicial declaration of interest in that he works for the National Health Service.

Rob Watt, the Head of Adult Social Care presented the response report and explained that the Housing & Social Care Scrutiny Panel had looked at the processes and what may lead to delays. Whilst most of the recommendations were supported his response report included comment and points of clarification where things had moved on. The panel's recommendation 1b) regarding giving next of kin status to officers had not been supported as this was incompatible with their professional status. Members of the Cabinet recounted their own interactions with the discharge unit at QA Hospital and felt that the staff there were working well under pressure. Councillor Wemyss further commented that the report had looked at processes rather than the structure and there was some duplication that could be further investigated such as both the city council and NHS employing their own occupational therapists. He felt the report could have gone further in recommending savings. The Leader asked that it be placed on record their thanks to the chair, panel and the professionals for their work on this review.

**DECISIONS:**

- (1) The Cabinet noted the comments by the Head of Adult Services in relation to the Scrutiny Panel recommendations at Point 3.1 within the response report (thereby not supporting the panel's recommendation 1b)**

- (2) The Cabinet noted the points of clarification in Point 5 of the response report.
- (3) The Cabinet thanked the Chair and HSC Scrutiny Panel for their report.

**22. Treasury Management Strategy for 2015/16 (AI 9)**

Chris Ward presented his report which would be discussed at council on 17 March.

The report set out the borrowing limits and the policy of how the repayment of debts would be determined. He explained the associated policy changes which represented opportunities for greater returns for very little extra risk. It was noted that the city council were performing better than the benchmark colleagues regarding the risk appetite to attract extra income; the current estimate for income from these investments for 2015 was £3.3m.

**RECOMMENDED to Council**

- 1a the prudential indicators in Appendix A be approved;**
- 1b the Head of Financial Services and Section 151 Officer and officers nominated by him be given authority to lend surplus funds as necessary in accordance with the Treasury Management Policy;**
- 1c the Head of Financial Services and Section 151 Officer is given delegated authority to either replace maturing debt or repay it depending on the outlook for long term interest rates that exists at the time**
- 1d the upper limits for fixed interest exposures are set as follows:**

<b>2014/15</b>	<b>£272m</b>
<b>2015/16</b>	<b>£304m</b>
<b>2016/17</b>	<b>£377m</b>
<b>2017/18</b>	<b>£383m</b>
- 1e the upper limits for variable interest exposure are set as follows:**

<b>2014/15</b>	<b>(£246m) – Investments up to £246m</b>
<b>2015/16</b>	<b>(£278m) – Investments up to £278m</b>
<b>2016/17</b>	<b>(£332m) – Investments up to £332m</b>
<b>2017/18</b>	<b>(£331m) – Investments up to £331m</b>

**1f** the following limits be placed on principal sums invested for periods longer than 364 days:

**31/3/2015 £265m**  
**31/3/2016 £243m**  
**31/3/2017 £231m**  
**31/3/2018 £228m**

**1g** the City Council set upper and lower limits for the maturity structure of its borrowings as follows:

Amount of projected borrowing that is fixed rate maturing in each period as a percentage of total projected borrowing that is fixed rate.

	<b>Upper Limit</b>	<b>Lower Limit</b>
<b>Under 12 Months</b>	<b>10%</b>	<b>0%</b>
<b>12 months &amp; within 24 months</b>	<b>10%</b>	<b>0%</b>
<b>24 months &amp; within 5 years</b>	<b>20%</b>	<b>0%</b>
<b>5 years &amp; within 10 years</b>	<b>20%</b>	<b>0%</b>
<b>10 years &amp; within 20 years</b>	<b>40%</b>	<b>0%</b>
<b>20 years &amp; within 30 years</b>	<b>40%</b>	<b>0%</b>
<b>30 years &amp; within 40 years</b>	<b>40%</b>	<b>0%</b>
<b>40 years &amp; within 50 years</b>	<b>50%</b>	<b>0%</b>

**1h** authority to reschedule debt during the year is delegated to the Head of Financial Services and Section 151 Officer subject to conditions being beneficial to the City Council;

**1i** no restriction be placed on the amount that can be borrowed in sterling from an individual lender provided it is from a reputable source and within the authorised limit for external debt approved by the City Council;

**1j** the principles upon which the apportionment of borrowing costs to the Housing Revenue Account (HRA) should be based are as follows:

- The apportionment is broadly equitable between the HRA and the General Fund, and is detrimental to neither;
- The loans portfolio is managed in the best interests of the whole authority;

- The costs and benefits of over and under borrowing above or below the capital financing requirement (CFR) are equitably shared between the General Fund and the HRA;
- 1k the regulatory method of calculating Minimum Revenue Provision (MRP) be applied to pre 1 April 2008 debt and new government supported debt but excluding finance leases and service concessions (including Private Finance Initiative schemes);
- 1l the asset life (equal instalment) method of calculating MRP is applied to post 1 April 2008 self-financed borrowing but excluding:
- Finance leases
  - Service concessions (including Private Finance Initiative schemes)
  - Borrowing to fund long term debtors (including finance leases);
- 1m MRP on finance leases and service concessions including Private Finance Initiative (PFI) arrangements equals the charge that goes to write down the balance sheet liability;
- 1n the principal element of the income receivable from long term debtors be set aside to repay debt if the asset was financed through self-financed borrowing in order that the repayment of the debt is financed from the capital receipt;
- 1o the principal element of the rent receivable from finance leases be set aside to repay debt if the asset was financed through self-financed borrowing in order that the repayment of the debt is financed from the capital receipt;
- 1p the Housing Revenue Account (HRA) provide for the repayment of the Self Financing Payment over 30 years;
- 1q that specified investments should only be placed with institutions that have a long term credit rating of at least A- from at least two credit rating agencies except registered social landlords for which a single credit rating will be required;
- 1r investments should only be placed with institutions based in either the United Kingdom or sovereign states with a AA+ credit rating;
- 1s the Council's investments are limited to senior debt;
- 1t the bodies meeting the criteria of categories 1 to 8 in paragraph 16.15 are approved as repositories of specified investments of the City Council's surplus funds;

- 1u that investments in banks, building societies and registered social landlords (RSLs) with a duration exceeding 2 years are secured**
- 1v credit ratings be reviewed monthly and that any institution whose credit rating falls below the minimum level stated in paragraph 16.15 of the Treasury Management Policy be removed from the list of specified investments;**
- 1w institutions that are placed on negative watch or negative outlook by the credit rating agencies be reassigned to a lower category;**
- 1x non-specified investments in aggregate are limited to the following:**

	£
Building societies with a BBB credit rating and unrated building societies	81m
Investments in MMD (Shipping Services) Ltd including funds lodged to guarantee the company's banking limits. MMD is a wholly owned subsidiary of the City Council.	2m
Long term investments	243m
Investments denominated in foreign currencies to hedge against contracts priced or indexed against foreign currencies	5m
<b>Total</b>	<b>331m</b>

- 1y the total amount that can be directly invested with any organisation at any time should be limited as follows (see paragraph 18.1):**

	Maximum Investment in Single Organisation
Category 1	Unlimited for up to 5 years
Category 2	£30m for up to 5 years
Category 3	£30m for up to 10 years
Category 4	£26m for up to 5 years
Category 5	£20m for up to 10 years
Category 6	£20m for up to 5 years
Category 7	£13m for up to 5 years
Category 8	£10m for up to 5 years
Category 9	£10m for up to 2 years
Category 10	£6m for up to 2 years
Category 11	£6m for up to 364 days
MMD (Shipping Services) Ltd including sums lodged to guarantee the company's banking limits	£2m for up to 364 days

**1z the Head of Financial Services and Section 151 Officer in consultation with the Leader of the Council is given delegated authority to revise the total amount that can be directly invested with any organisation at any time**

**1aa that the following investment limits be applied to sectors:**

<b>Money market funds</b>	<b>£80m</b>
<b>Building societies</b>	<b>£107m</b>
<b>Registered social landlords</b>	<b>£80m</b>

**1ab that the following investment limits be applied to regions outside the United Kingdom:**

<b>Asia &amp; Australia</b>	<b>£40m</b>
<b>Americas</b>	<b>£40m</b>
<b>Continental Europe</b>	<b>£30m</b>

**2 the Head of Financial Services and Section 151 Officer submits the following:**

- (i) an annual report on the Treasury Management outturn to the Cabinet by 30 September of the succeeding financial year;**
- (ii) A Mid Year Review Report to the Cabinet and Council;**
- (iii) the Annual Strategy Report to the Cabinet in March 2016;**
- (iv) quarterly Treasury Management monitoring reports to the Governance and Audit and Standards Committee.**

**23. Budget and Performance Management 2014/15 (3rd Quarter) to end December 2014 (AI 10)**

Chris Ward presented his report which would be going to council for noting whist it was a decision for the Cabinet. Questions were raised regarding the overspend in Children's Social Care and the variances in forecast for each quarter. It was reported that this was due to a key assumption that agency staff were not being used who were still in place. The Leader stressed that this was being addressed by herself and the Cabinet Member with Chris Ward, David Williams, Richard Webb and Stephen Kitchman who would be meeting on a fortnightly basis.

**DECISIONS:**

- (i) The forecast outturn position for 2014/15 be noted:**

- (a) An overspend of £822,200 after further forecast transfers to Portfolio Specific Reserves
  - (b) An overspend of £562,000 before further forecast transfers to Portfolio Specific Reserves.
- (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 2015/16 Cash Limit.
- (iii) Members note that the following actions have been instigated by the Head of Finance and S151 Officer in relation to the Children & Education Portfolio overspend:
- (a) Initiated a review of the cost effectiveness of the use of supernumerary and agency posts and the contribution to the Integrated Commissioning Unit by Children's Social Care
  - (b) Requested that the Head of Children's Social Care produce a detailed action plan for reducing expenditure within the service to operate within the authorised cash limit for 2015/16
  - (c) Initiated fortnightly budget monitoring meetings, to review progress against budget and the action plan, with the Leader of the Council, Portfolio Holder, Chief Executive and Head of Children's Social Care.
- (iv) Heads of Service, 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 2015/16 Portfolio cash limit will be managed to avoid further overspending during 2015/16.

(This is forwarded to Council on 17 March for noting)

**24. Exclusion of Press and Public (AI 11)**

**RESOLVED** that the following motion be adopted relating to the exemption of exempt appendices 1, 3, 5 and 6 of the report 'Delivering Differently' under paragraphs numbers 1, 2 and 3:

**“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 items on the grounds that the reports contain information defined as exempt in Part 1 of Schedule 12A to the Local Government Act, 1972”.**

**25. Delivering Differently - Establishment of a new social enterprise (AI 12)**

(TAKE IN REPORT BY THE HEAD OF HEALTH, SAFETY & LICENSING  
WITH EXEMPT APPENDICES 1, 3, 5 AND 6)

The exempt appendices were not referred to during the public debate of this item. The report was presented by Rachael Dalby, Head of Health, Safety and Licensing and Lisa Wills, Strategy and Partnerships Manager, outlining the establishment of social enterprise to form a company limited by guarantee and was supported by Councillor New as the Cabinet Member for Environment & Community Safety to safeguard community safety outcomes in the city. Councillor Stubbs asked for an update regarding the negotiations with the police and fire authority. It was reported that whilst officers had not heard back formally regarding their contributions, these were being discussed with them and Councillor New had met with Rachael Dalby and Lisa Wills to ask for their commitment for an equal partnership. The Leader added her support to these recommendations. She also thanked Rachael Dalby and Lisa Wills and the team for their work on this.

**DECISIONS the Cabinet:**

- (1) Delegated authority to the Interim Chief Executive with support from legal services to take all steps and prepare and submit all documents necessary to incorporate formally a 'shell' company ready to commence trading at a later date.**
- (2) Authorised the transfers, commencement of trading, and entering into all necessary legal documentation with the new company (New Co.), upon the section 151 officer in conjunction with the City Solicitor in consultation with the Leader being satisfied of the final business case, terms of transfer, and all related contractual documentation.**
- (3) Appointed the Cabinet Member for Environment and Community Safety as a member of the shadow board and instruct the Chief Executive to appoint another council officer, with the appropriate financial skills to support the Interim Chief Executive on the shadow board, with those individuals to become directors of the company upon incorporation.**
- (4) Approved the resource plan set out at item 19 to provided dedicated resources from HR, IT and finance to support the development of the business plan against the gateways and timeline set out in appendix 1**
- (5) Subject to approval in accordance with recommendation 3.1.2 delegated authority to the City Solicitor in consultation with the Section 151 Officer and the Interim Chief Executive to prepare, settle and execute all documents required for the transfer of staff, contracts, assets, equipment and accommodation as necessary to enable New Co to operate.**

The meeting concluded at 2.00 pm.

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Councillor Donna Jones  
Leader of the Council