

Portsmouth City Council

A MEETING OF THE COUNCIL will be held at the Council Chamber - The Guildhall on Tuesday, 12 November 2013 at 2.00 pm and all members of the council are hereby summoned to attend to consider and resolve upon the following business:-

Agenda

- 1 **Members' Interests**
- 2 **To approve as a correct record the Minutes of the meeting held on 15 October 2013 (Pages 1 - 14)**
- 3 **To receive such communications as the Lord Mayor may desire to lay before the Council, including apologies for absence.**
- 4 **Deputations from the Public under Standing Order No 24**
- 5 **Cabinet Recommendations - To receive and consider the recommendations of the Cabinet held on 11 November 2013 (to follow) in respect of the following matter, the report for which is attached: (Pages 15 - 78)**
 - **Capital Programme 2013/14 to 2018/19**

It is proposed that the Capital Programme (item 5) and the Revenue Budget (item 6) be taken and debated together on the basis that each item impacts on the other and on the understanding that the Capital Programme will be voted on first, followed by the Revenue Budget.
- 6 **Cabinet Recommendations - To receive and consider the recommendations of the Cabinet held on 11 November 2013 (to follow) in respect of the following matters, the report for which is attached: (Pages 79 - 130)**
 - **Portsmouth City Council Revenue Budget 2014/15 - Savings and Council Tax Proposals**
- 7 **Questions from Members under Standing Order No 17.**

(There are none for this meeting)

David Williams
Chief Executive

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Civic Offices
Guildhall Square
PORTSMOUTH
4 November 2013

MINUTES OF A MEETING OF THE COUNCIL held at the Guildhall
Portsmouth on Tuesday, 15 October 2013 at 2.00 pm

Council Members Present

The Right Worshipful The Lord Mayor
Councillor Lynne Stagg (in the Chair)

Councillors

Councillor Margaret Adair	Councillor Lee Mason
Councillor Michael Andrewes	Councillor Mike Park
Councillor Simon Boshier	Councillor Jim Patey
Councillor Peter Eddis	Councillor Darron Phillips
Councillor Ken Ellcome	Councillor Will Purvis
Councillor Jason Fazackarley	Councillor Darren Sanders
Councillor John Ferrett	Councillor Caroline Scott
Councillor Ken Ferrett	Councillor Phil Smith
Councillor Margaret Foster	Councillor Les Stevens
Councillor David Fuller	Councillor Sandra Stockdale
Councillor Aiden Gray	Councillor Luke Stubbs
Councillor Terry Hall	Councillor Alistair Thompson
Councillor Jacqui Hancock	Councillor Gerald Vernon-Jackson
Councillor Mike Hancock CBE MP	Councillor Steve Wemyss
Councillor David Horne	Councillor April Windebank
Councillor Lee Hunt	Councillor Matthew Winnington
Councillor Frank Jonas	Councillor Rob Wood
Councillor Donna Jones	Councillor Steven Wylie
Councillor Hugh Mason	Councillor Neill Young

78. Declarations of Members' Interests under Standing Order 13(2)(b)

Councillor Luke Stubbs declared an interest in notice of motion (d) in that he bought £750 worth of shares in Royal Mail. He said that he would not participate in the vote on that item.

He also declared a personal and prejudicial code of conduct interest in question number 4 relating to South Parade Pier as he lives nearby.

Councillor Alistair Thompson declared an interest in notice of motion (d) in that he also bought £750 worth of shares in Royal Mail.

Councillor Will Purvis declared an interest in notice of motion (a) and would leave the chamber for that item as he works for a residential developer and will be responding to the consultation.

Councillor Ken Ellcome declared a personal but non pecuniary interest in questions number 3 and 6 in that he is the opposition spokesperson for Traffic & Transportation.

90 15 October 2013

Councillor Lee Mason declared a personal non prejudicial interest in Notice of Motion (b) in that he lives in the North London Road area.

79. Minutes of the Council Meeting held on 9 July 2013

It was

Proposed by Councillor Gerald Vernon-Jackson
Seconded by Councillor Donna Jones

That the minutes of the meeting held on 9 July 2013 be confirmed and signed as a correct record.

RESOLVED that the minutes of the meeting held on 9 July 2013 be confirmed and signed as a correct record.

80. Communications and Apologies

Apologies for absence were received from Councillor Eleanor Scott, Councillor Robert New and Councillor Leo Madden.

The Lord Mayor welcomed a group of Fast Track students all doing their diploma in journalism who had come to watch proceedings from the public gallery.

The Lord Mayor read out the letter she had received from Kensington Palace in response to the letter sent by her on behalf of the council and citizens of Portsmouth to the Duke and Duchess of Cambridge on the birth of their son, Prince George sending their warmest thanks and best wishes.

The Lord Mayor proposed and the Council agreed to vary the order of the agenda to allow item 5(a) (deputations from the public under Standing Order No 24) for items on the remainder of the agenda to be dealt with before the agenda item dealing with the petition on Palmerston Road pedestrianisation.

81. Deputations from the Public under Standing Order No 24

Two deputations were made on notice of motion 10(d). The first deputation was made by Ms Ruth Harris, Branch Secretary of the CWU. The second deputation was made by Mr Paul Carpenter, CWU South East Regional Secretary. Both deputees spoke against the privatisation of Royal Mail and therefore in favour of the notice of motion set out at agenda item 10(d).

The Lord Mayor thanked the deputees.

82. Petition on Palmerston Road Pedestrianisation

The Lord Mayor advised that as an Executive (Cabinet) matter, the full council is precluded from determining the issues raised in petitions although the issues can be debated. Linda Symes, the petition organiser, presented the petition as it appears on the meeting agenda.

It was

Proposed by Councillor Luke Stubbs
Seconded by Councillor Donna Jones

That standing orders be suspended for the duration of this item in order to allow those people who had asked to make deputations on this matter to have unlimited time to speak. Upon being put to the vote this was CARRIED.

The City Solicitor advised that there were deputations on this item all of which were in favour of the petition. The first deputation was made by Ms Rosemary Devonald. The second deputation was made by Mr Yusuf Ali. The third deputation was made by Mr Tony Brown. The fourth deputation was made by Ms Sophie Curtis.

The Lord Mayor thanked the deputees.

A technical note concerning Portsmouth Southsea town centre improvements was circulated.

It was

Proposed by Councillor Mike Hancock
Seconded by Councillor Jason Fazackarley

That the petition response headed Administration Response to Palmerston Road Deputation as circulated in the chamber be approved.

As an amendment it was

Proposed by Councillor Luke Stubbs
Seconded by Councillor Donna Jones

That Council welcomes the petition. It notes the concerns raised by local businesses and local residents alike that pedestrianisation has changed the character of Palmerston Road South and that it is no longer a shopping street. It further notes how limited the consultation was that took place before the introduction of the scheme.

Whilst it is appreciated that the Cabinet is responsible for the implementation of road schemes, Full Council requests the Cabinet review the Palmerston Road South closure in the light of this petition.

Following debate, upon being put to the vote the amendment standing in the name of Councillor Luke Stubbs was LOST.

Upon being put to the vote, the petition response, proposed by Councillor Mike Hancock was CARRIED.

RESOLVED that the City Council recognises that the core shopping areas in many cities are in one place, whilst in Portsmouth it is divided into three - Commercial Road, Gunwharf and Southsea. The City

Council endorses the three centre strategy of supporting Commercial Road, Gunwharf and Southsea.

The City Council recognises the huge changes taking place in retailing across the UK with large numbers of shops becoming empty and the challenges to town centre retailing from both out of town centres and internet retailing. A recent survey indicates that 14% of shop premises in the country are empty.

The City Council recognises that within Southsea there are real pressures because of commercial decisions being made by the large operators on a national basis. This will present a real challenge to shopping in retail in Southsea. The shopping experience is usually made on foot and has to be attractive if it is to attract shoppers from outside of the city to come or to divert the City shoppers away from out of city destinations.

The City Council has invested £600,000 in Palmerston Road (north) and £450,000 in Palmerston Road (south) to help improve the retail shopping environment. The City Council notes the 'anchor role' that the new Southsea Library plays in the retail environment and the success of events such as the Food Festival, the Farmers Market and the Love Southsea Market.

The City Council recognises the advice from the Town Centre Manager that unless the offer is further improved in Southsea then retailing is at risk. It also recognises that the advice from the Transport Department that re-using the current road in Palmerston Road (south) for vehicles all through the day should be subject to a safety audit.

The pedestrianised areas of Commercial Road, Gunwharf and Palmerston Road north all work well with a low number of empty shops. The City Council recognises, however, that the current part pedestrianisation of Palmerston Road has caused confusion for both pedestrians and motorists and that this situation needs to be addressed.

The City Council also recognises that there has been extensive consultations with residents, business and transport providers over several years on this issue. The most recent public consultation which went to 6000 local homes produced a response of 18% of residents asking for traffic to be reinstated on the roads and 49% asking for the roads to be fully pedestrianised.

The City Council notes that there has been a 6% reduction in crime in Southern Portsmouth over the last six months and that the number of incidents in Southsea remains well below that in the City Centre. The City Council acknowledges the concerns of local people and is working with businesses and the Police to reduce this further.

The City Council therefore asks the Cabinet to work with the bus operators to find alternative routes for buses so they do not use Palmerston Road (south), a road where there are no bus stops, and

requests the Cabinet to bring forward a report on the possibility of full pedestrianisation of the road with a physical barrier across it from 11am each day.

83. Questions from the Public under Standing Order No 25

There was one question from the public under Standing Order No 25.

Question 1 from Mr Les Cummings - about the serious case review on Child D and supplementary questions - were answered by the Leader of the Council, Councillor Gerald Vernon-Jackson.

The meeting adjourned at 4.45 pm.

The meeting resumed at 4.58 pm.

84. Appointments

There were no appointments.

85. Urgent Business

There was no urgent business.

86. Recommendations from Cabinet from its Meeting held on 7 October 2013

The following minutes were approved unopposed:-

Minute 69 - Adoption of Hampshire Minerals and Waste Plan

Minute 71 - Treasury Management Outturn 2012/13

Minute 73 - Budget and Performance Monitoring 2013/14 (First Quarter)

It was noted that a supplementary note dated 10 October on the Children and Education forecast position was previously circulated.

Minute 74 - Revenue Outturn 2012/13 Final Accounts

It was

Proposed by Councillor Gerald Vernon-Jackson

Seconded by Councillor Hugh Mason

That the recommendations set out in Cabinet minute 74 be approved.

As an amendment it was

Proposed by Councillor John Ferrett

Seconded by Councillor Donna Jones

That recommendation (3) be amended to read:

The sum of £4,775,000 be transferred to the Revenue Reserve for Capital to supplement the Capital Resources available in order to accelerate the Council's current strategy to drive economic growth and jobs within the City and £225,000 be set aside to support the voluntary sector organisations over the next 3 years at a rate of £75,000 per year.

Following debate upon the amendment standing in the name of Councillor John Ferrett being put to the vote this was LOST. Upon the proposal standing in the name of Councillor Gerald Vernon-Jackson being put to the vote this was CARRIED.

RESOLVED that:

- (1) The final outturn position for 2012/13 (subject to audit) be noted in respect of the General Fund, Collection Fund and Housing Revenue Account**
- (2) That the following reduction in the 2013/14 cash limits related to the "Claw back" of overspendings in 2012/13 are noted:**

**Children & Education £3,000
Leader £3,000**
- (3) The sum of £5,000,000 be transferred to the Revenue Reserve for Capital to supplement the Capital Resources available in order to accelerate the Council's current strategy to drive economic growth and jobs within the City**
- (4) The sum of £439,000 be transferred from General Reserves to the Medium Term Resource Strategy Reserve in order to replenish the reserve to a level that is sufficient to finance future spend to save schemes, feasibility studies and staff redundancy costs.**
- (5) In the event that the external auditors require any adjustments to the Final Accounts for 2012/13 that alter the overall net improvement in the Council's position from £5,439,000, the Head of Finance & Section 151 Officer be authorised to, in the first instance, adjust the transfer to the Medium Term Resource Strategy Reserve accordingly and, if necessary, the transfer to the Revenue Reserve for Capital for any remaining sum.**

87. Recommendations from Governance & Audit & Standards Committee from its Meeting held on 26 September 2013

In response to a point that was raised, the City Solicitor undertook to look into the feasibility of making agencies that work for the city council comply with PCC's gifts and hospitality protocol. The following minute was approved unopposed:

Minute 59 - Gifts and Hospitality Protocol.

88. Notices of Motion

The Lord Mayor advised that there were five notices of motion before council today.

(a) It was

Proposed by Councillor Luke Stubbs
Seconded by Councillor Donna Jones

That the notice of motion set out at agenda item 10(a) be discussed today. Upon being put to the vote this was CARRIED.

It was

Proposed by Councillor Luke Stubbs
Seconded by Councillor Donna Jones

That the notice of motion be adopted by council.

As an amendment it was

Proposed by Councillor Matthew Winnington
Seconded by Councillor Phillip Smith

That the following amendment to notice of motion 10(a) be made:

To insert the following at the end of paragraph 1

It would also threaten existing thriving secondary shopping streets across the city such as Allaway Avenue, Tangier Road and Elm Grove.

To delete the second paragraph and replace with the wording

This ill thought out Conservative proposal has been shamefully supported in action by their local party colleagues who have ignored clear opportunities to oppose this kind of development. This has been clearly demonstrated by Conservative Group deputy leader Councillor Luke Stubbs regrettably saying as quoted in the Portsmouth News on 21 August 2012, that he wants 'to let shops in out-of-centre locations be converted to housing' so accepting the principles of Eric Pickles' approach.

To delete third paragraph and replace with

This Council therefore resolves to support the City Plan that protects local shops from top down attack by the Secretary of State for Communities and Local Government and recognises that the Leader of the Council and MP for Portsmouth South have already responded to the government consultation regarding the proposed Permitted Development rights on that basis. This Council strongly calls upon the MP for Portsmouth North to follow their lead.

To add an additional final paragraph

This Council reasserts its strong support for the approach adopted by its Planning Committee, to consider shop to residential planning applications in areas that fall outside the designated 'Town Centre' areas in the City Plan on their own merits while supporting local businesses.

Upon the amendment standing in the name of Councillor Matthew Winnington being put to the vote, this was CARRIED.

Upon the substantive notice of motion being put to the vote this was CARRIED.

RESOLVED that the notice of motion set out below be adopted by Council

The government is considering extending Permitted Development Rights to allow the conversion of small shops to housing without planning consent. If adopted, this policy would strip the council of the planning powers needed to maintain roads such as Albert Road and Cosham High Street as primarily commercial in nature. It would also threaten existing thriving secondary shopping streets across the city such as Allaway Avenue, Tangier Road and Elm Grove.

This ill thought out Conservative proposal has been shamefully supported in action by their local party colleagues who have ignored clear opportunities to oppose this kind of development. This has been clearly demonstrated by Conservative Group deputy leader Councillor Luke Stubbs regrettably saying as quoted in the Portsmouth News on 21 August 2012, that he wants 'to let shops in out-of-centre locations be converted to housing' so accepting the principles of Eric Pickles' approach.

This Council therefore resolves to support the City Plan that protects local shops from top down attack by the Secretary of State for Communities and Local Government and recognises that the Leader of the Council and MP for Portsmouth South have already responded to the government consultation regarding the proposed Permitted Development rights on that basis. This Council strongly calls upon the MP for Portsmouth North to follow their lead.

This Council reasserts its strong support for the approach adopted by its Planning Committee, to consider shop to residential planning applications in areas that fall outside the designated 'Town Centre' areas in the City Plan on their own merits while supporting local businesses.

(b) It was

Proposed by Councillor Luke Stubbs

Seconded by Councillor Donna Jones

That the notice of motion set out at agenda item 10(b) be discussed today. Upon being put to the vote this was CARRIED.

It was

Proposed by Councillor Luke Stubbs
Seconded by Councillor Donna Jones

That the notice of motion be adopted by council.

As an amendment it was

Proposed by Councillor Gerald Vernon-Jackson
Seconded by Councillor Terry Hall

That the motion be amended by deleting all words after the word "property" in line 4 of paragraph 1 and replaced with the following:

The City Council will facilitate a meeting between Tesco and the land owner so that the Tesco offer to provide a fence is able to progress.

Councillor Luke Stubbs said that he was happy to accept the amendment.

Upon the substantive motion being put to the vote this was unanimously CARRIED.

RESOLVED that the notice of motion set out below be adopted by council:

A new Tesco store opened earlier this year in the former Cumberland Service Station in Eastney Road. During the process, the planning agent of company made a non-binding written commitment to improving fencing to the rear of the property.

The City Council will facilitate a meeting between Tesco and the land owner so that the Tesco offer to provide a fence is able to progress.

(c) It was

Proposed by Councillor John Ferrett
Seconded by Councillor Donna Jones

That the notice of motion set out at agenda item 10(c) be debated today. Upon being put to the vote this was CARRIED.

It was

Proposed by Councillor John Ferrett
Seconded by Councillor Donna Jones

That the notice of motion be adopted by council.

Following debate upon being put to the vote this was LOST.

RESOLVED that notice of motion 10(c) be not adopted.

(d) It was

Proposed by Councillor John Ferrett
Seconded by Councillor Aiden Gray

That the notice of motion set out at agenda item 10(d) be debated today. Upon being put to the vote this was CARRIED.

It was

Proposed by Councillor John Ferrett
Seconded by Councillor Aiden Gray

That the notice of motion be adopted by council.

As an amendment it was

Proposed by Councillor Darren Sanders
Seconded by Councillor Jason Fazackarley

That after paragraph 3 the following words be inserted to create a new paragraph 4 and 5:

Council notes that, under the last Labour Government 2500 post offices were closed including 13 within Portsmouth. Under the current government only 120 in the UK have closed and none in Portsmouth. The City Council notes that the former Labour MP for Portsmouth North actively voted to endorse the post office closure scheme whilst an MP. Council condemns that action.

Council also notes that Labour Government's proposals to privatise Royal Mail were detailed under the leadership of Peter Mandelson in the Department of Business. Council notes, in contrast, the current government's proposal has given a 10% stake in the new company to workers of the Royal Mail.

The remaining paragraphs from the original motion to then follow

Following debate it was

Proposed by Councillor Gerald Vernon-Jackson

Seconded by Councillor Donna Jones

That council now move to a vote. Upon being put to the vote this was CARRIED.

Upon the amendment standing in the name of Councillor Darren Sanders being put to the vote this was CARRIED.

Upon the substantive motion being put to the vote this was CARRIED.

RESOLVED that In July this year the Business Secretary, Vince Cable, announced the privatisation of Royal Mail, selling off a stake of between 50.1 and 70%.

Royal Mail is a thriving, profitable business which last year made a profit of £430m and is a major employer in Portsmouth.

Privatisation could endanger the financial stability of many of the country's 11,500 Post Offices by hastening their separation from Royal Mail. Those who most need Royal Mail will be most vulnerable to any changes. The National Federation of Sub-Postmasters described privatisation of Royal Mail as, "A reckless gamble" that could put the future of Post Offices at risk.

Council notes that, under the last Labour Government 2500 post offices were closed including 13 within Portsmouth. Under the current government only 120 in the UK have closed and none in Portsmouth. The City Council notes that the former Labour MP for Portsmouth North actively voted to endorse the post office closure scheme whilst an MP. Council condemns that action.

Council also notes that Labour Government's proposals to privatise Royal Mail were detailed under the leadership of Peter Mandelson in the Department of Business. Council notes, in contrast, the current government's proposal has given a 10% stake in the new company to workers of the Royal Mail.

This council therefore opposes the privatisation of Royal Mail as set out in the Postal Services Act 2011.

Royal Mail is a Great British institution which should be protected and allowed to continue thriving in the public sector, providing vital services for our communities.

This motion calls on the Council Leader to write to the Business Secretary asking for guarantees to be put in place to ensure the future stability of the services provided by Royal Mail, specifically:

- **Introduce price controls – Stamp prices have risen by 30% in the last 2 years. Further price rises should be kept to a minimum.**

- **Ensure Royal Mail services continue to be provided through Post Offices beyond 2022 – The agreement between Royal Mail and the Post Office is due to expire in 2022 and can be reviewed sooner.**
- **Guarantee the universal postal service beyond 2015 – The universal service obligation is only guaranteed to last until 2015 when it is due for review.**

(e) It was

Proposed by Councillor Alistair Thompson
Seconded by Councillor Frank Jonas

That the notice of motion set out at agenda item 10(e) be debated today. Upon being put to the vote this was CARRIED.

As an amendment it was

Proposed by Councillor Jason Fazackarley
Seconded by Councillor Hugh Mason

That after the words "The City Council" in the first line of the first paragraph, delete the remainder of the motion and replace with the following wording -

notes the decision by Senior Traffic & Transportation Managers to redeploy a School Crossing Patrol Officer (SCPO) from the signalised pedestrian crossing at London Road, near to Merrivale Road to a different location in the north of the city.

The Council notes that this decision was based on their professional judgement and that such a redeployment was necessitated in the interests of child safety. The Council also notes that the individual SCPO concerned was consulted and raised no objection.

There was no decision taken by the Cabinet member for Traffic & Transportation regarding this move, which was a purely operational decision taken by Officers.

It is further noted by the Council that there are presently a number of SCPOs vacancies for which the Traffic & Transportation Service is seeking to recruit suitable applicants.

The vacancy at the London Road crossing, created by this particular redeployment, will be filled once a suitable applicant comes forward.

Councillor Thompson said that he was happy to accept the amendment provided that the wording in the first sentence of the second paragraph finished after the word "judgement". This was agreed.

Upon the substantive motion being put to the vote this was CARRIED.

RESOLVED that the city council notes the decision by Senior Traffic & Transportation Managers to redeploy a School Crossing Patrol Officer (SCPO) from the signalised pedestrian crossing at London Road, near to Merrivale Road to a different location in the north of the city.

The Council notes that this decision was based on their professional judgement. The Council also notes that the individual SCPO concerned was consulted and raised no objection.

There was no decision taken by the Cabinet member for Traffic & Transportation regarding this move, which was a purely operational decision taken by Officers.

It is further noted by the Council that there are presently a number of SCPOs vacancies for which the Traffic & Transportation Service is seeking to recruit suitable applicants.

The vacancy at the London Road crossing, created by this particular redeployment, will be filled once a suitable applicant comes forward.

89. Questions from Members under Standing Order No 17

The Lord Mayor proposed that the questions could either be deferred to the next meeting or be dealt with by written response.

It was

Proposed by Councillor Terry Hall
Seconded by Councillor David Fuller

That the questions be dealt with by way of full written answers rather than by debating them today.

Upon being put to the vote this was CARRIED.

RESOLVED that written answers to the seven questions that had been previously circulated be answered by way of written answers to be circulated after the meeting.

The meeting concluded at 8.10 pm.

Lord Mayor

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Agenda item:



Decision maker: Cabinet
City Council

Subject: Capital Programme 2013/14 to 2018/19

Date of decision: 11th November 2013 (Cabinet)
12th November 2013 (City Council)

Report by: Head of Finance and Section 151 Officer

Wards affected: All

Key decision: Yes

Budget & policy framework decision: Yes

1. Executive Summary

- 1.1 In accordance with the Capital Strategy, and the Outline Medium Term Financial Strategy set out elsewhere on this Agenda, the Administration, through the proposals, continue to prioritise those regeneration schemes that are most likely to have a large scale transformational effect on the City. If successful, the overall investment into the City could exceed £1bn.
- 1.2 The Capital Programme proposed by the Administration seeks to provide the catalyst to unlock the economic potential of the City by enabling preliminary project work to commence on the City Deal and The Dunsbury Hill Farm Development Access Road whilst also investing over £8m in road and infrastructure improvement schemes within the City which will attract a further £34.6m of inward investment.
- 1.3 Significant investment continues to be made into core services such as Schools, Private Sector Housing, Transportation and Central Services, enabling them to fulfil their statutory obligations and function effectively.

2. Purpose

2.1 The purpose of this report is to:

- Summarise the key features of the Capital Strategy approved by the City Council on 4th February 2009 and the revised Capital Investment Priorities of the City Council, approved by City Council on 24th January 2012
- Highlight the inter-relationship between the capital programme and the revenue budget
- Determine the corporate capital resources available including:

- Adjustments for under and overspendings to the existing approved Capital Programme
- Currently approved but, as yet, uncommitted schemes within the existing Capital Programme
- The identification of additional assets which the Administration wishes to declare surplus to requirements
- Seek approval of the overall Capital Programme (including the Housing Investment Capital Programme) for 2013/14 and future years in accordance with the Capital Strategy
- Describe and approve the provisional Prudential Indicators arising from the revised Capital Programme 2013/14 to 2018/19
- Delegate authority to the Head of Finance and Section 151 Officer to alter the mix of capital funding to make best use of City Council resources

3. Recommendations

3.1 It is recommended that:

- 1) The Revised Capital Programme 2013/14 to 2018/19 attached as Appendix 1 which includes all additions, deletions and amendments for slippage and re-phasing described in Sections 6 and 8 be approved.
- 2) The passported Capital Allocations (Ring-fenced Borrowing and Grants) as set out in Section 7 be noted.
- 3) The Head of Finance and Section 151 Officer be given delegated authority to determine how each source of finance is used to fund the overall Capital Programme and to alter the overall mix of financing, as necessary, to maximise the flexibility of capital resources used and minimise the ongoing costs of borrowing to the Council.
- 4) The public toilets located in Highland Road are declared surplus to requirements.
- 5) The following scheme with uncommitted Corporate Resources totalling £750,000 be removed from the current capital programme whilst a full options appraisal is undertaken to enable priority schemes that have emerged since the programme was last reviewed to proceed in 2014/15.

Resources Released From Uncommitted Capital Scheme	Funding £
ICS Replacement - Children's Social Care Casework System	750,000
Total	750,000

- 6) The following schemes as described in Section 9 and Appendix 2 be reflected within the recommended Capital Programme 2013/14 to 2018/19 and be financed from the available corporate capital resources:

Recommended New Capital Schemes	Corporate Resources Required £	Total Scheme Value £
Children & Education:		
School Condition Projects	1,136,000	1,992,750
Portsmouth College - Sufficiency Post 16	240,000	600,000
Housing:		
Support For Vulnerable People	400,000	1,970,070
Planning, Regeneration & Economic Development:		
Dunsbury Hill Farm – Access Road	400,000	9,690,000
City Deal (PCC Contribution)	2,200,000	2,200,000
City Centre Road Upgrade	3,425,000	16,000,000
Resources:		
Commercial Letting of Brunel Wing	600,000	600,000
Call Recording System	90,000	90,000
Working Anywhere	980,000	980,000
World War II Memorial	27,000	97,000
PSN CoCo Compliance	192,000	192,000
Landlord Maintenance - Emergency Generator	145,000	145,000
Landlord Maintenance - Civic Duct Works	90,000	90,000
Traffic & Transportation:		
Local Transport Plan 3	450,000	450,000
The Hard Public Transport Interchange	2,000,000	7,125,000
Total Recommended Sum to be Approved	12,375,000	42,221,820

- 7) The following schemes as described in Section 10 be approved as invest to save schemes and funded from Prudential borrowing up to the limit shown:

	Prudential Borrowing Required £
Replace Residential Street Lighting to LED	3,040,000
Dunsbury Hill Farm Access Road (Subject to a satisfactory financial appraisal approved by the S151 Officer)	2,400,000
Total Recommended Sum to be Approved	5,440,000

- 8) The following Schemes as described in Section 12 be included within the “Reserve List” of Capital Schemes to be considered once additional capital resources are identified.

Future Priority Capital Schemes – Not in Priority Order
City Centre Road Upgrade
ICS Replacement - Children's Social Care Casework System
City Centre Regeneration - Public Realm Improvements

- 9) The City Council note that Prudential Borrowing can only be used as a source of capital finance for Invest to Save Schemes as described in Section 13.
- 10) The provisional Prudential Indicators described in Section 13 and set out in Appendix 3 be approved.

4. Background

4.1 On the 4th February 2009 the City Council approved the Capital Strategy 2008 - 2018. The key features of that strategy, which have been considered in the development of the Administration’s Capital Programme proposals, are as follows:

- Contribution to the Corporate Plan & Vision for Portsmouth for non commercial activities
- Rate of return and payback for commercial activities
- Retention of Community Assets
- Retention and maintenance of Heritage Assets
- The extent and level of surety of external funding
- The use of Capital Investment Options Appraisal
- A whole life cost approach to Capital Investment
- Delivery of Value for Money
- The approach to risk - the expected benefits must outweigh the risk
- Any overspendings on approved Capital Schemes being the first consideration for the use of any available capital resources

4.2 On 24th January 2012 the City Council approved the “Capital Investment Aspirations and Priorities 2011/12 and the Future”. This update report to the Capital Strategy 2008 – 2018 revised the Capital Investment Priorities, as the Capital Strategy was in its 3rd year, and proposed the following categories of Capital Schemes that are the priorities for attracting Corporate Capital Funding:

- **Category 1** -Programmes of a recurring nature that are essential to maintain operational effectiveness
- **Category 2** -Specific schemes that:
 - Have a significant catalytic potential to unlock the regeneration of the City
 - Are significant in terms of the Council strategies that they serve
 - Are significantly efficiency generating
 - If not implemented would cause severe disruption to Service delivery

4.3 The Capital Programme for 2014/15 will be the fifth year that fully embraces the revised financial framework for allocating capital resources to new capital schemes. The financial framework approved within the Capital Strategy has evolved from the previous framework based on passporting, to one that is based on pooling resources designed to offer Members greater choice and transparency with the overall aim of delivering better outcomes from the resources available. It seeks to strike the correct balance of allocating capital resources between short and medium term needs and priorities and longer term aspirations, in order to support the delivery of the 10 year Capital Strategy.

4.4 Over the last 3 years, the Administration have focussed their available Capital Resources primarily towards the regeneration of the City. The Regeneration Strategy 'Shaping the future of Portsmouth' adopted by the City Council in 2010 articulates the vision for the city to become a globally competitive economy supporting local economic growth, innovation and enterprise and enhancing the competitiveness of Portsmouth. This strategy has also been adopted by business leaders in the City and its implementation could see an additional 11,500 new jobs created over the next 10 years. The aim of the strategy is to ensure local people are able to get those jobs and benefit from the regeneration programme.

4.5 The Administration have pursued external funding and provided capital resources for those schemes, in particular, that have a large scale transformational effect on the City. Those schemes include:

- Tipner Junction & Park and Ride - £30m
- City Centre Re-development (Northern Quarter) - £250m
- City Deal (currently being negotiated) but which, if successful, has the potential to inject £600m to £700m investment in the City in terms of quality employment space and housing

4.6 Plans are also in place to link the new fast bus lane from Tipner to a new and improved City Centre road that will facilitate the overall growth of the City from Tipner to the Northern Quarter, The Hard and the seafront. The City Centre Northern Quarter is planned for construction in 2017 and to open in 2018 which will triple the size of the City Centre providing more retail, leisure and housing. Simultaneously, the Council is bidding for funds to develop the Hard to improve

the bus/train/ferry interchange, make better use of the public space and to open up the waterfront, making the entrance to the historic dockyard more attractive, and encourage private investment into The Hard. This will then complete the whole of the western corridor transport system from Tipner via the City Centre to The Hard allowing a faster and more regular public transport system. It will also link in to the sub regional network via the Bus Rapid Transport system at a later date.

4.7 The City Council has been hugely successful at leveraging in external funding for these schemes and others, which include:

- Tipner Junction - £20m
- Northern Road bridge - £11m
- Public realm improvements to Southsea and improving signage - £5m
- Promoting sustainable transport - £5m
- Super connected cities to provide wireless broadband in all PCC buildings for customers and staff to improve services and give grants for web improvements for small businesses - £5m
- Sports facilities, specifically tennis at the Mountbatten sports hub - £1.1m

4.8 The next large physical regeneration project planned by the City Council over the next 5 - 10 years is the seafront development, which includes improvement of sea defences and key sites identified in the seafront master plan.

5. Considerations in Formulating the Revised & Future Capital Programme

5.1 In considering the revised Capital Programme for 2013/14 and the future Capital Programme for 2014/15 to 2018/19, the following factors have been taken into account:

- The outline Medium Term Financial Strategy with its bias towards driving regeneration
- The Council's Capital Strategy, which informs the capital investment needs, priorities and aspirations of the Council
- Any over or underspendings against approved capital schemes
- The priority and immediacy of new capital schemes and the revenue impacts of those capital schemes
- The availability of capital resources and the potential risks associated with those capital resources being realised
- The inter-relationship with the Revenue Budget, in particular the additional revenue costs associated with the proposed new capital schemes
- The effective exclusion of the use of Prudential Borrowing, except for Invest to Save schemes, arising from the unaffordability of its associated borrowing costs

5.2 To determine the capital resources available, all capital funding sources have been reviewed. This review covered all of the resources anticipated to be available over the medium term. In assessing the level of anticipated capital resources available, a prudent and responsible approach has been taken and only those resources that have a high degree of certainty and that are likely to be available within a reasonable time frame have been included.

6. Revised Capital Programme – 2013/14 to 2018/19

6.1 Since the revised Capital Programme 2012/13 to 2017/18 was approved in February 2013, other schemes that have not required corporate capital resources have been added to the recommended Capital Programme shown in Appendix 1. These schemes have been funded from sources such as Specific Grants, Contributions or other scheme specific capital resources.

6.2 The Capital Programme approved in February 2013 (incorporating the Housing Investment Programme) has been further revised to reflect additions, changes, under and overspendings, slippage and revised phasing of capital schemes. Further details of these changes are set out in Section 8. The revised capital programme for 2013/14 and beyond is attached at Appendix 1 and is recommended for approval.

7. Passported Capital Allocations (Grants & Borrowing Allocations)

7.1 Set out below is the current position on all new ring-fenced Grants Allocations for 2014/15. The allocation is passported directly to the relevant Portfolio so that they can be applied in accordance with the conditions for their use.

Grant	Grant Description	Allocation £000
Children's & Education Services:		
Devolved Formula	Devolved Formula Capital Grant (DFCG) is a Standards Fund grant that allocates capital funding to schools. The grant is used to fund capital improvements/maintenance, remodelling and/or new build.	Not yet known
Total Ring Fenced Grant Allocations		

7.2 Department for Education capital funding proposals are normally notified to councils in December of each year. The later announcement of this grant does not impact upon any decisions required within this report as the grant is ring fenced and passported directly to schools.

8. Forecast of Corporate Capital Resources (Non Passported) 2014/15 & Beyond

8.1 The forecast of corporate capital resources (i.e. non passported sources of finance) available to the City Council for new capital schemes comprise the following and are described in more detail in the paragraphs below:

- Contributions to the “Corporate Pool” of all non ring-fenced capital allocations from Government (i.e. non ring-fenced Grants and Supported Borrowing Allocations), commonly referred to as the “Single Capital Pot” allocations
- The anticipated balance on the Revenue Reserve for Capital
- Changes to the existing Capital Programme - additions or deductions for any changes in the costs or funding requirements associated with the existing capital programme
- Any, as yet, uncommitted capital schemes where the funding for those schemes could be re-directed to new schemes which have subsequently become a higher priority
- Any allowances for Prudential Borrowing (unsupported borrowing)
- The forecast value of additional capital receipts taking into account:
 - New assets declared surplus to requirements
 - Any increase or decrease in the estimated value of existing assets to be disposed of
 - Any requirements to provide for affordable housing, parking or any other conditions which could have a significant impact on the disposal value and other costs associated with disposal
- Other Corporate Capital Grants & Contributions e.g. Community Infrastructure Levy
- Any Revenue Contributions to Capital

Contributions to the Corporate Pool including the “Single Capital Pot” allocations

- 8.2 The Council receives allocations of capital funding each year under the guise of the “Single Capital Pot”. The “Single Capital Pot” is not a grant or capital allocation in itself but is a term used to define all non ring-fenced Government Supported Capital Expenditure (either Grant or Supported Borrowing).
- 8.3 Government Supported capital expenditure is a combination of bid based and formula based allocations. These allocations take the form of a direct Capital Grant.
- 8.4 The Single Capital Pot is intended to be a non ring-fenced source of finance and available for directing towards the priorities of the Authority. In practice however, the Single Capital Pot allocations are notified to individual Authorities in terms of the amounts that each Government Department has contributed. Furthermore, those Government Departments have an expectation that the amounts that they have allocated to each Authority will be directed towards their services. If these sums are not spent in the areas to which they are allocated, it is possible that future allocations could be jeopardised. This practice is contradictory to the

principles of both the Single Capital Pot and the Council's Capital Strategy that is now in place.

8.5 In addition, there are other non ring-fenced sources of capital funding that are Corporately Pooled such as:

- Capital Receipts from the Sale of Council Houses
- Capital Receipts from the Sale of other HRA Assets
- Section 106 Contributions

8.6 The allocations which were previously passported directly to Portfolios and which now contribute towards the "Corporate Pool" as part of the overall sum of Capital Resources available are as follows:

Contributions to Corporately Pooled Resources		Full Year Allocation	Allocated in Previous Years	Net
		£000	£000	£000
Culture, Leisure & Sport:				
	Section 106 Contributions	28		28
Education:				
	LA Basic Need - 2013/14	1,757	(1,320)	437
	- 2014/15	0	(1,168)	(1,168)
	- 2015/16	791	(1,051)	(260)
	DfE – Capital Maintenance			
	- 2013/14	2,257	(2,303)	(46)
	- 2014/15	1,629		1,629
	DfE 2 Year Entitlement	460		460
Environment & Community Safety:				
	Section 106 Contributions	5		5
Health & Social Care:				
	DofH Capital Grant	489	(489)	0
Housing:				
	Disabled Facilities Grants	639		639
	Capital Receipts – Sale of Council Houses	171		171
Traffic & Transportation:				
	LT Plan – Integrated Transport Block			
	- 2014/15	2,226	(1,113)	1,113
	Section 106 Contributions	161		161
Community Infrastructure Levy		1,655		1,655
Total Contributions to Corporate Pool		12,268	(7,444)	4,824

- 8.7 It should be noted that the maintenance element of the Local Transport Plan (LTP) has not been pooled and is earmarked to fund part of the Unitary Charge paid to Colas under the Highways PFI contract. This amounts to £1.053m in 2014/15.
- 8.8 It should also be noted that the Administration has relied on all of the LA Basic Need Grant for the years 2014/15 and 2015/16 to fund scheme proposals that commenced in 2013/14 for additional school places required over the medium term. Members will recall that as part of the 2012/13 Capital Programme the Council approved the use of Department of Health Grant and 50% of the Local Transport Plan – Integrated Transport Block grant for 2014/15.
- 8.9 The impact of committing future capital resources to schemes commencing in 2013/14 (completing in 2015/16) is to significantly reduce the Corporate Capital Resources that are available in 2014/15 and will be available 2015/16 with the consequence that either the number and/or size of category 1 or category 2 new scheme starts in each of these years, will be significantly reduced.

Revenue Reserve for Capital & Revenue Contributions to Capital

- 8.10 The Revenue Reserve for Capital has been built up over a number of years from Revenue Contributions to finance capital schemes and as at 31st March 2013 stood at £14.8m. Sums are transferred into this reserve in advance and then drawn from the reserve once the expenditure is incurred.
- 8.11 The balance on the Revenue Reserve for Capital and the in year (2013/14) Revenue Contributions from/to this reserve have been taken into account in arriving at the overall level of capital resources available.

Changes to the Existing Capital Programme

- 8.12 In arriving at the overall level of capital resources available, the current approved Capital Programme has been reviewed and amended, in accordance with the approved Capital Strategy, for under and overspending plus any adjustments for additions to or shortfalls in estimated funding. These adjustments are reflected in the proposed Capital Programme at Appendix 1. The more significant amendments to the existing Capital Programme are set out below:

Underspendings:

- Mary Rose Special School
- Victory School
- Schools Asset Management Plan Programme
- Major Repairs to Corporate Portfolio
- Portsmouth Promenade
- Dredging Albert Johnson & Flathouse Quays
- Port Infrastructure
- Local Transport Plan 3

Overspendings / Funding Shortfalls:

- College Park Early Years Boiler
- Mayfield Sufficiency
- Landlord's Maintenance
- Water Regulations Upgrade
- Berth 5 Linkspan
- Check-In Canopies

In Year Additions:

- Guildhall Capital Works
- Revenue & Benefits Electronic Document Management System
- Public Conveniences - Charging Mechanisms
- Weekly Waste Collection Support Scheme

- 8.13 As part of the approval of the Capital Programme by Full Council in February 2013, £750,000 was allocated for the replacement of the current Children's Social Care Casework System. This was an interim allocation in the knowledge that further resources would be required once a full specification of system requirements had been completed and when further corporate resources became available. The scheme cannot commence until all funding necessary to complete the scheme has been approved. The Administration have considered whether to allocate further capital resources and have concluded that the project is not sufficiently advanced to enable the scheme to commence and that the presently allocated resources should be reallocated to enable priority schemes that have emerged since the programme was last reviewed to proceed in 2014/15.
- 8.14 As a consequence, the Administration propose that the Replacement Children's Social Care Casework System totalling £750,000 be removed from the Capital Programme at this time and that these funds be released to finance new schemes commencing in 2014/15. Priority will be afforded to the Casework System in future years when the specification and costs are known.
- 8.15 The funding required to finance the overall recommended Capital Programme attached at Appendix 1 plus the changes described in this Section and Sections 6 and 7 have been fully taken into account in arriving at the capital resources available.

Prudential Borrowing

- 8.16 Prudential Borrowing is what is termed “unsupported borrowing” and means that the Government does not provide any revenue support through Government Grant for the repayment of that debt (neither principal nor interest). The City Council therefore, must fund all of the repayments associated with this type of borrowing. There are strict rules governing the use of Prudential Borrowing around the concepts of Affordability, Sustainability and Prudence. Thus far, the City Council has only been able to utilise Prudential Borrowing for Invest to Save Schemes where there is a demonstrable case that the capital expenditure incurred will result in savings that at least cover either the cost of borrowing or, alternatively, where other savings can be made to cover those borrowing costs.

8.17 Prudential Borrowing has been taken into account in determining the overall capital resources available and is currently being used as a source of finance for the following schemes:

- Port Terminal Building
- Port Signage Electronic Upgrade
- Port Berth 2 Extension
- MMD Capital Advances
- Transformation Programme – Customer Management
- Southsea Seafront – Beach Huts
- Nursing Care Scheme (formerly Harry Sotnick)
- 4 Sites Project
- New and Improved Models of Care
- City Centre Road Upgrade
- Dunsbury Hill Farm - Access Road
- City Deal

Capital Receipts

8.18 In forecasting the level of Capital Resources available to the City Council over the medium term, the following core assumptions have been made:

- Capital receipts have only been assumed for the disposal of assets that have been approved by Members
- Capital receipts are only assumed where they are expected to be realised within a reasonable timeframe since there are inherent risks associated with changing circumstances over longer time periods
- Some of the more significant capital receipts being relied upon to fund the current capital programme include:
 - Sale of Council Houses
 - Merefield House
 - Darby House
 - Greetham Street
 - Riders Lane Allotment
 - Archive Store
 - A number of Social Services establishments
- Revisions to reflect the current financial conditions in the property market

8.19 The Administration are planning to realise a further capital receipt from the disposal of the public toilets located in Highland Road. As a consequence, the Administration declares this site "Surplus to Requirements".

Corporate (Non ring-fenced Capital Grants)

8.20 The Capital Programme also relies upon other non ring fenced Capital Grants

Summary of Total Available Capital Resources

- 8.21 Taking all of the above factors into account, as well as making some contingency provision for contractual disputes and other potential costs, the Capital Resources available at this time are as follows:

CORPORATE CAPITAL RESOURCES AVAILABLE	£000
Corporate Capital Resources (including "Pooled Resources")	11,625
Add:	
Funds Released from Uncommitted Schemes	750
Total Corporate Capital Resources Available	12,375

9. Priority Capital Schemes – 2014/15 & Beyond (Corporate Resources)

- 9.1 The Administration plan to unlock the economic potential of the City by enabling preliminary project work to commence on the City Deal and Dunsbury Hill Farm Development Access Road and by investing over £8m in road and infrastructure improvement schemes within the City which will attract a further £34.6m of inward investment.
- 9.2 The programme has also been designed to support schools in improving educational attainment by investing £1.136m into school buildings and targeting those resources at schools with the most critical building needs. Finally significant investment continues to be made into core services such as Private Sector Housing, Transportation and Central Services, enabling them to fulfil their statutory obligations and to function effectively.
- 9.3 As described in Section 8, the Administration have “stretched” the Capital Resources available by relying on future years’ capital grant allocations and future years’ Community Infrastructure Levy contributions. The consequence therefore of delivering these high impact schemes is to reduce the resources that would otherwise be available in future years. The Administration considers that this is the best way of utilising capital resources in accordance with the Capital Strategy.
- 9.4 At this time the Administration is recommending the allocation of £12.375m to the following capital schemes which it deems to be of particular importance to the delivery of its Capital Strategy:

Capital Scheme	Capital Strategy Short / Medium Term Need & Priority (Corporate Plan) or Long Term Aspiration (Portsmouth Vision)	Corporate Resource Allocation £	Total Scheme Value £
School Conditions Project	Category 1 - Short / Medium Term Need & Priority - Raise Standards in English & Maths through maintenance and enhancement of the learning environment. Ensuring that buildings are in the right condition and are suitable for learning needs	1,136,000	1,992,750
Portsmouth College - Sufficiency Post 16	Category 1 - Short / Medium Term Need & Priority - Raise Standards through maintenance and enhancement of the learning environment. Ensuring that buildings are in the right condition and are suitable for learning needs	240,000	600,000
Support for Vulnerable Persons	Category 1 - Short / Medium Term Need & priority - Improve the availability, affordability and quality of housing	400,000	1,970,070
Dunsbury Hill Farm - Access Road	Category 2 - Long Term Need & Priority - Regenerate the City by providing an attractive place for businesses to settle	400,000	9,690,000
City Deal	Category 2 - Long Term Need & Priority - Regenerate the City by providing an attractive place for businesses to settle	2,200,000	2,200,000
City Centre Road Upgrade	Category 2 - Long Term Need & Priority - Regenerate the City by providing an attractive place for businesses to settle	3,425,000	16,000,000

Capital Scheme	Capital Strategy Short / Medium Term Need & Priority (Corporate Plan) or Long Term Aspiration (Portsmouth Vision)	Corporate Resource Allocation £	Total Scheme Value £
Commercial Letting of Brunel Wing	Category 1 - Short / Medium Term Need & Priority - Contributes to multiple priorities via the comprehensive management of the asset base and provide buildings for all services that are in the right place, condition and are suitable for their purpose	600,000	600,000
Call Recording System	Category 1 - Short / Medium Term Need & Priority - Contributes to multiple priorities by ensuring "back office" infrastructure is suitable for purpose	90,000	90,000
Working Anywhere	Category 1 - Short / Medium Term Need & Priority - Contributes to multiple priorities by ensuring "back office" infrastructure is suitable for purpose	980,000	980,000
World War II Memorial	Category 2 - Short / Medium Term Need & Priority - Regenerate the City by improving facilities, encouraging tourism and investment	27,000	97,000
PSN CoCo Compliance	Category 1 - Short / Medium Term Need & Priority - Contributes to multiple priorities by ensuring "back office" infrastructure is suitable for purpose	192,000	192,000

Capital Scheme	Capital Strategy Short / Medium Term Need & Priority (Corporate Plan) or Long Term Aspiration (Portsmouth Vision)	Corporate Resource Allocation £	Total Scheme Value £
Landlord Maintenance - Emergency Generator	Category 1 - Short / Medium Term Need & Priority - Contributes to multiple priorities via the comprehensive management of the asset base and provide buildings for all services that are in the right place, condition and are suitable for their purpose	145,000	145,000
Landlord Maintenance - Civic Duct Works	Category 1 - Short / Medium Term Need & Priority - Contributes to multiple priorities via the comprehensive management of the asset base and provide buildings for all services that are in the right place, condition and are suitable for their purpose	90,000	90,000
Local Transport Plan 3	Category 1 - Short / Medium Term Need & Priority - Contributes to multiple priorities via the comprehensive management of the asset base and provide buildings for all services that are in the right place, condition and are suitable for their purpose	450,000	450,000
The Hard Public Transport Interchange	Category 2 - Long Term Need & Priority - Regenerate the City by providing an attractive place for businesses to settle	2,000,000	7,125,000
Total Corporate Capital Resources Allocated		12,375,000	42,221,820

9.5 Of the fifteen schemes above recommended for approval, eleven are explicitly outlined within the Capital Strategy. Future additions to the Strategy will be made using this Capital Programme Review exercise as its annual re-refresh. The Brunel Wing proposal, Working Anywhere and Landlords Maintenance schemes, in particular complement the Council's priority to become more efficient, improve performance and value for money.

9.6 The proposed Capital Schemes recommended for approval are described in more detail in Appendix 2 and set out:

- Description of the Scheme and its key aims
- The total cost of the scheme including funding from other sources
- The net cost of the scheme to be funded from Corporate Capital Resources
- Any additional on-going revenue costs/savings associated with the scheme

10. New Capital Schemes To Be Funded From Prudential Borrowing

10.1 The following schemes meet the Prudential Borrowing Criteria outlined at Paragraph 8.16 and it is recommended that prudential borrowing up to the limit shown for each scheme is approved.

Capital Scheme	Capital Strategy Short / Medium Term Need & Priority (Corporate Plan) or Long Term Aspiration (Portsmouth Vision)	Prudential Borrowing Required £
Replace Residential Street Lighting to LED	Category 2 - Long Term Need & Priority - Regenerate the City by providing an attractive place for businesses to settle	3,040,000
Dunsbury Hill Farm Access Road (Subject to a satisfactory financial appraisal approved by the S151 Officer)	Category 2 - Long Term Need & Priority - Regenerate the City by providing an attractive place for businesses to settle	2,400,000

10.2 The LED lighting project aims to replace all residential street lights in Portsmouth from traditional discharge lighting to LED lighting, with the aim of reducing the amount of energy used and the level of maintenance required which is expected to generate an annual cost saving inclusive of borrowing costs of £287,000 per annum.

10.3 Construction of the Dunsbury Hill Farm Access Road will open the site up for development and a source of future rental income for the Council. Construction will only commence following a satisfactory financial appraisal approved by the S151 Officer.

11. New Capital Schemes To Be Funded From The MTRS Reserve

No new capital schemes have been added which require funding from the MTRS Reserve.

12. Future Priority Capital Schemes

- 12.1 In addition to the Capital Investment proposals described above, the Administration is keen to plan a path ahead in accordance with the Capital Strategy and set out their future proposals for Capital Investment once further Capital Resources become available. The Administration's proposals are set out below.

Future Priority Capital Schemes – Not in Priority Order
City Centre Road Upgrade
ICS Replacement - Children's Social Care Casework System
City Centre Regeneration - Public Realm Improvements

13. Prudential Borrowing and Prudential Indicators

- 13.1 Prudential Borrowing is a potential source of capital finance under the Local Government Act 2003. This requires that Local Authorities comply with the Prudential Code for Capital Finance. The key objective of the Prudential Code is to ensure that the capital investment plans of local authorities are Affordable, Prudent and Sustainable. The Prudential Code sets out a clear governance procedure for those matters that the Authority must have regard to as follows:

- **Affordability** e.g. implications for Council Tax and Council housing rents
- **Prudence and Sustainability** e.g. implications of external borrowing
- **Value for money** e.g. options appraisal
- **Stewardship of assets** e.g. asset management planning
- **Service objectives** e.g. strategic planning for the authority
- **Practicality** e.g. achievability of the forward plan

- 13.2 Prudential Borrowing requires that the capital investment of the Authority remains within sustainable limits and that the revenue consequences, including both debt financing and other revenue costs, are affordable over the long term. In considering the affordability of its Capital plans, the Authority must consider all of the resources currently available to it and estimated for the future, together with the totality of its capital plans, revenue income and revenue expenditure forecasts for the forthcoming year and the following two years as a minimum. The Authority is also required to consider known significant variations beyond this timeframe and pay due regard to risk and uncertainty.

- 13.3 Whilst the City Council was able to set a balanced budget in 2013/14, this is only by drawing on Revenue Balances of £313,000. Furthermore, current forecast revenue deficits amount to £6.6m in 2014/15, £15.8m in 2015/16 and £26.0m in 2016/17. **This means that until such time as the Council is able to balance its budget over the medium term, it is unable to demonstrate that it can afford any additional borrowing costs over that period and therefore cannot demonstrate compliance with the affordability test of the Prudential Code. Prudential Borrowing is available however, for Invest to Save Schemes.**

- 13.4 The Secretary of State has reserve powers to impose regulations on Local Authorities if it feels that an Authority is either not compliant with the code or if it is in the national economic interest. These reserve powers include:

- National Borrowing Limits – if there are national economic reasons
- Borrowing Limits for an individual Authority
- Limits set either nationally or locally for different kinds of borrowing
- Any headroom that a Local Authority has under National Borrowing Limits that may be transferred between Authorities

13.5 The Prudential Indicators of the Council are determined largely from its Capital Investment decisions and are presented in Appendix 3. In summary, the Council's indicators illustrate that its current Capital Programme is affordable. The ratio of financing costs to net revenue stream for the General Fund are estimated to be 12.8% in 2013/14, rising to 13.1% in 2016/17 before falling to 10.3% by 2018/19. For the Housing Revenue Account, fixed borrowing costs range from 12.4% in 2013/14 falling to 10.3% by 2018/19. The forecast HRA balance for the next 5 years remains in surplus indicating that this is a sustainable level of borrowing.

13.6 Represented in terms of the effect on a Band D taxpayer, the revenue effect (i.e. additional costs/savings against the revenue budget) of the recommended capital programme is expected to be an increase of £2.26 per annum per taxpayer in 2015/16 or a 0.19% increase in the Council Tax.

13.7 The Council's underlying need to borrow to finance its current and future capital expenditure (i.e. its Capital Financing Requirement) is falling. The Council's 2013/14 revised Operational Boundary is £448.6m and is forecast to fall to £418.9m over the period to 2018/19.

13.8 The Council's Limit for External Debt, recommended at £510.6m for 2014/15, should be broadly equivalent to its underlying need to borrow (described above) but should allow for a little headroom in excess of it. This has been set accordingly. Furthermore, the Operational Boundary for external debt serves as a limit/early warning tool to highlight whether the External Limit is nearing a breach. This therefore, is set at the level to which external debt is more likely to be.

14. Conclusion

14.1 The Capital Programme and new capital schemes recommended as part of this report attempt to strike the right balance between meeting the short and medium term needs and priorities of the Council and the longer term aspirational vision for the City.

14.2 In particular, the proposals seek to drive economic growth through large scale transformational investments. The programme is also designed to support schools in their pursuit of improved educational attainment and to protect the vulnerable in society. The programme is clearly aligned with the outline Medium Term Financial Strategy and the approved Capital Strategy.

14.3 This programme sets out the future Capital Investment agenda for the Council. It looks beyond the coming year and uses a financial framework for allocating

capital resources based on the concept of pooling non-ring fenced resources so that there is greater transparency and choice for new capital investment with greater opportunity for enhanced outcomes for residents.

15. Comments of the City Solicitor

- 15.1 The City Solicitor has confirmed that it is within the City Council's powers to approve the recommendations set out above.

16. Equality Impact Assessment

- 16.1 This Capital Programme earmarks sums for future capital schemes. Prior to the commencement of any capital scheme, a report and financial appraisal on that scheme will be approved either by the Portfolio Holder, the Cabinet or the City Council and at that time an Equalities Impact Assessment will be undertaken.

Chris Ward

Head of Finance and Section 151 Officer

Background List of documents –

Section 100D of the Local Government Act 1972

The following documents disclose facts or matters which have been relied upon to a material extent by the author in preparing this report –

<i>Title of document</i>	<i>Location</i>
Capital 2014/15	Office of Deputy Head of Finance
Capital Strategy 2008 – 2018	Council's Web Site
Capital Investment Aspirations & Priorities 2011/12 and the Future	Council's Web Site

The recommendations set out above were approved/ approved as amended/ deferred/ rejected by the Cabinet on 11th November 2013

Signed: -----

The recommendations set out above were approved/ approved as amended/ deferred/ rejected by the City Council on 12th November 2013

Signed: -----

**CAPITAL
PROGRAMME
&
FINANCING**

2013/14 – 2018/19

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Summary of Capital Programme (All Services)	Expenditure to 31 March 13 £	Revised Estimate 2013/14 £	Estimate 2014/15 £	Estimate 2015/16 £	Estimate 2016/17 £	Estimate 2017/18 £	Estimate 2018/19 £	Expenditure in Subsequent Years £	Final Cost £
Children & Education	40,831,139	13,936,737	9,421,847	0	0	0	0	0	64,189,723
Culture, Leisure & Sport	21,248,901	2,390,030	4,343,428	774,516	0	0	0	0	28,756,875
Environment & Community Safety	1,119,123	996,964	13,191,754	12,340,000	22,340,000	14,000,000	200,000	0	64,187,841
Health & Social Care (Adults Services)	9,244,445	1,963,223	3,774,571	2,867,721	164,676	0	0	0	18,014,636
Planning Regeneration & Economic Development	2,352,685	1,703,066	23,214,221	22,545,000	29,962,000	50,293,000	2,810,000	55,164,000	188,043,972
Commercial Port	21,660,452	1,776,662	3,955,900	0	0	0	0	0	27,393,014
Resources	14,197,819	5,083,371	5,086,989	2,066,000	250,000	0	0	0	26,684,179
Traffic & Transportation	40,988,787	35,675,310	13,990,802	12,224,757	2,688,920	2,448,746	3,434,820	36,331,226	147,783,368
Licensing Committee	0	0	0	0	0	0	0	0	0
Millennium	38,098,473	(22,500)	0	0	0	0	0	0	38,075,973
Total Capital Programme (Excluding Housing Investment Programme)	189,741,823	63,502,862	76,979,512	52,817,994	55,405,596	66,741,746	6,444,820	91,495,226	603,129,580
Housing Investment Programme	63,376,290	38,622,416	47,710,362	31,469,705	29,431,701	32,701,750	32,755,456	43,583,448	319,651,128
Total Capital Programme	253,118,113	102,125,278	124,689,874	84,287,699	84,837,297	99,443,496	39,200,276	135,078,674	922,780,708
Analysis of Programme by Source of Finance									
Borrowing		934,798	1,076,143	0	0	0	0	0	2,010,941
Unsupported Borrowing		6,688,996	7,861,869	15,025,520	395,802	11,222,000	0	4,578,883	45,773,070
Corporate Reserves (Including Capital Receipts)		12,516,278	13,839,828	3,544,346	3,441,711	5,707,080	2,239,485	3,474,464	44,763,192
Revenue & Reserves		31,452,473	42,241,540	27,026,680	27,336,197	30,308,370	31,169,591	70,131,097	259,665,948
Grants		41,231,933	45,408,426	17,498,000	42,455,000	16,062,000	200,000	0	162,855,359
Contributions		9,300,801	14,262,068	21,193,153	11,208,587	36,144,046	5,591,200	56,894,230	154,594,085
Total Financing		102,125,278	124,689,874	84,287,699	84,837,297	99,443,496	39,200,276	135,078,674	669,662,594

RESOURCES AVAILABLE

Specific Resources

Borrowing
Unsupported Borrowing
Other Capital Receipts
Other Capital Reserves
Other Contributions
Government Grants
Other Grants
Sub Total - Specific Resources

Specific Resources Used

Specific Resources Available

Corporate Resources

Corporate Capital Receipts
Corporate Capital Reserves
Corporate S106 Contributions & CIL
Capital Settlement - Non Ring Fenced Grants
Corporate Grants
Sub Total - Corporate Resources

Corporate Resources Used

Corporate Resources Available

Total Resources Available

Total Resources Used

Total Remaining Resources Available

Revised Estimate 2013/14	Estimate 2014/15	Estimate 2015/16	Estimate 2016/17	Estimate 2017/18	Estimate 2018/19	Expenditure in Subsequent Years	Final Cost
£	£	£	£	£	£	£	£
	934,798	1,076,143	0	0	0	0	2,010,941
	6,688,996	7,861,869	15,025,520	395,802	11,222,000	0	45,773,070
	1,505,327	2,745,778	2,344,938	2,154,547	2,144,080	2,239,485	15,475,619
	31,128,473	42,241,540	27,026,680	27,336,197	30,308,370	31,169,591	259,341,948
	2,312,804	10,226,026	16,618,637	8,476,877	31,333,046	5,591,200	77,421,820
	4,763,901	1,165,941	0	0	0	0	5,929,842
	23,321,764	33,575,567	17,498,000	42,455,000	16,062,000	200,000	133,112,331
	70,656,063	98,892,864	78,513,775	80,818,423	91,069,496	39,200,276	539,065,571
	70,656,063	98,892,864	78,513,775	80,818,423	91,069,496	39,200,276	539,065,571
	0	0	0	0	0	0	0
	6,086,890	3,037,650	304,170		963,000	1,133,000	11,524,710
	18,237,269	(75,407)	(75,000)				18,086,862
	3,110,315	2,431,477	1,449,412	4,249,771	7,161,000	54,031,000	72,432,975
	16,991,766	6,030,764	790,656	0			23,813,186
	4,739,290	0	0	0			4,739,290
	49,165,530	11,424,484	2,469,239	4,249,771	8,124,000	1,133,000	130,597,023
	31,469,216	25,797,010	5,773,924	4,018,874	8,374,000	0	130,597,023
	17,696,314	3,323,788	19,103	250,000	(0)	1,133,000	(0)
	119,821,593	110,317,348	80,983,014	85,068,194	99,193,496	40,333,276	669,662,594
	102,125,278	124,689,874	84,287,699	84,837,297	99,443,496	39,200,276	669,662,594
	17,696,314	3,323,788	19,103	250,000	(0)	1,133,000	(0)

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<u>GENERAL SURE START CAPITAL SCHEMES</u>											
1	Cosham Baptist Church	GGR(DCSF)SSEYC	443,974								443,974
2	Meredith Lodge	GGR(DCSF)SSEYC GGNR(DCSF)ES	263,874 35,000	1,980							265,854 35,000
	Sub Total		298,874	1,980	0	0	0	0	0	0	300,854
3	Revitalisation & Improvement - Beechside	GGR(DCSF)SSEYC CP(DH)CG	117,734 70,200	590							118,324 70,200
	Sub Total		187,934	590	0	0	0	0	0	0	188,524
<u>CHILDREN'S SOCIAL CARE SCHEMES</u>											
<u>OTHER SCHEMES</u>											
	North End Adult Learning Centre	LSC CorpRsv	883,800 206,004	0							883,800 206,004
	Sub Total		1,089,804	0	0	0	0	0	0	0	1,089,804
5	Mary Rose Special School	GGR(DCSF)DF UB B CorpRsv SRCCO	174,600 2,394,200 2,828,800 6,849,206 166,100	52,756							174,600 2,394,200 2,828,800 6,901,962 166,100
	Sub Total		12,412,906	52,756	0	0	0	0	0	0	12,465,662
6	Victory School	GGR(DCSF)DF GGNR(DCSF)LAM GGR(DCSF)TC GGR(DCSF)PC B CorpRsv	161,200 3,043,300 2,005,481 4,579,448 115,000 94,074	259,746							161,200 3,043,300 2,005,481 4,579,448 115,000 353,820
	Sub Total		9,998,503	259,746	0	0	0	0	0	0	10,258,249

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PRIMARY CAPITAL PROGRAMME											
7	Building Project Costs	CP(DCSF)BN	0		270,000						270,000
8	Somers Park Primary	GGR(DCSF)DF	83,200	23,143							106,343
		GGR(DCSF)PC	1,823,431								1,823,431
		GGNR(DCSF)LAM	165,597	95,572	30,000						291,169
		B	35,000								35,000
		GGR(DCSF)DSG	100,000								100,000
		CRGG	20,000								20,000
	Sub Total		2,227,228	118,715	30,000	0	0	0	0	0	2,375,943
9	Flying Bull Primary	GGR(DCSF)DF	38,000	93,000							131,000
		GGR(DCSF)PC	324,674	90,000							414,674
		GGR(DCSF)DSG	23,617								23,617
		CP(DCSF)BN	534,164	408,514							942,678
		OC	146,383								146,383
		B	40,000								40,000
		CorpRsv	0	1,400,000	319,448						1,719,448
	Sub Total		1,106,838	1,991,514	319,448	0	0	0	0	0	3,417,800
10	Milton Park Primary	GGR(DCSF)PC	994,927								994,927
		GGNR(DCSF)LAM	0	899,161	995,261						1,894,422
		CRGG	395,720								395,720
		GGR(DCSF)SSEYC	439,840								439,840
		B	99,161	839							100,000
		OC	70,000								70,000
		CP(DCSF)CM	0		159,788						159,788
	Sub Total		1,999,648	900,000	1,155,049	0	0	0	0	0	4,054,697
11	St George's Primary	B	812,648	203,851	1,000,000						2,016,499
		GGR(DCSF)TC	121,151								121,151
		CorpRsv	16,500								16,500
		GGR(DCSF)DF	0		40,000						40,000
		GGR(DCSF)SSEYC	200,000								200,000
	Sub Total		1,150,299	203,851	1,040,000	0	0	0	0	0	2,394,150

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ASSET MANAGEMENT PLAN / ACCESS INITIATIVE SCHEMES IN SCHOOLS											
12	Goldsmith Infant - Land Purchase	B GGNR(DCSF)LAM	76,584 70,000	23,416							100,000 70,000
	Sub Total		146,584	23,416	0	0	0	0	0	0	170,000
13	Harbour Tipner - Sports Barn (SEBD Review)	GGNR(DCSF)LAM GGNR(DCSF)ES	1,666,884 65,000	103,116							1,770,000 65,000
	Sub Total		1,731,884	103,116	0	0	0	0	0	0	1,835,000
14	Schools AMP Programme Uncommitted	CP(DCSF)CM CP(DCSF)BN CorpRsv	0 0 0	120,754 38,060 151,023							120,754 38,060 151,023
	Sub Total		0	309,837	0	0	0	0	0	0	309,837
	Langstone Infant Conversion of Office/Reception to SEN Area	CRGG GGR(DCSF)DF	70,000 29,416	40,584							70,000 70,000
	Sub Total		99,416	40,584	0	0	0	0	0	0	140,000
16	Mayfield - Condition Issues	B CP(DCSF)CM	1,000 160,921	38,079							1,000 199,000
	Sub Total		161,921	38,079	0	0	0	0	0	0	200,000
17	City Boys - Science Block Windows	B GGNR(DCSF)LAM GGR(DCSF)DF CP(DCSF)CM	1,000 53,000 35,241 187,461	3,000							4,000 53,000 35,241 199,000
	Sub Total		276,702	14,539	0	0	0	0	0	0	291,241
18	Priory - Condition Issues	B GGR(DCSF)DF CP(DCSF)CM	1,000 28,600 185,980	13,020							1,000 28,600 199,000
	Sub Total		215,580	13,020	0	0	0	0	0	0	228,600

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19	King Richard - Contingency re Condition Issues	B CP(DCSF)CM CP(DCSF)BN	1,000 171,037 44,600	3,260							1,000 174,297 44,600
	Sub Total		216,637	3,260	0	0	0	0	0	0	219,897
20	Westover - Roof Repairs	B CP(DCSF)CM	1,000 74,253	9,747							1,000 84,000
	Sub Total		75,253	9,747	0	0	0	0	0	0	85,000
21	Newbridge Junior - Roof, Windows, Brickwork	B CP(DCSF)CM	500 47,479	2,021							500 49,500
	Sub Total		47,979	2,021	0	0	0	0	0	0	50,000
23	Stamshaw Infants - Roof Repairs	B	61,725	8,275							70,000
23	Electrical Distribution Boards - Various Schools	B	19,094	80,906							100,000
24	Cliffdale - Boilers/Heating System	B CP(DCSF)CM CRGG	92,045 180,458 60,000	17,497							109,542 180,458 60,000
	Sub Total		332,503	17,497	0	0	0	0	0	0	350,000
25	Access SEN Pupils	B CP(DCSF)CM	37,629 61,704	75,137 65,030							112,766 126,734
	Sub Total		99,333	140,167	0	0	0	0	0	0	239,500
26	Goldsmith Infant Extension/Remodelling	CP(DCSF)BN B GGR(DCSF)DF	0 0 13,698	1,200,000 250,000 16,302							1,200,000 250,000 30,000
	Sub Total		13,698	1,466,302	0	0	0	0	0	0	1,480,000

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27	Schools Devolved Formula Capital 2010-13	GGR(DCSF)DF GGR(DCSF)DSG GGNR(DCSF)LAM	1,561,738 2,300,018 249,442	2,008,634 86,156							3,570,372 2,300,018 335,598
	Sub Total		4,111,198	2,094,790	0	0	0	0	0	0	6,205,988
28	Redwood Park - Roof and Windows	B GGR(DCSF)DF	104,782	(18,500) 18,500							86,282 18,500
	Sub Total		104,782	0	0	0	0	0	0	0	104,782
29	ALN Lift Repairs	CP(DCSF)BN	41,162	1,109							42,271
30	Fluorescent Light	CP(DCSF)CM GGR(DCSF)DF	109,811 0	84,189 64,983							194,000 64,983
	Sub Total		109,811	149,172	0	0	0	0	0	0	258,983
	Fire Safety Issues Springfield	CP(DCSF)CM CP(DCSF)CM	7,725	157,275 30,000							165,000 30,000
	Sub Total		7,725	187,275	0	0	0	0	0	0	195,000
32	City Girls Boilers	CP(DCSF)CM GGR(DCSF)DF	638 0	111,862 18,000							112,500 18,000
	Sub Total		638	129,862	0	0	0	0	0	0	130,500
33	King Richard Legionella Control	CP(DCSF)CM GGR(DCSF)DSG GGR(DCSF)DF	6,160 0 0	115,840 20,000 28,000							122,000 20,000 28,000
	Sub Total		6,160	163,840	0	0	0	0	0	0	170,000
34	City Boys Legionella Control	CP(DCSF)CM GGR(DCSF)DF	2,646 0	35,354 12,000							38,000 12,000
	Sub Total		2,646	47,354	0	0	0	0	0	0	50,000

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35	Highbury Primary Legionella, Boilers & Structural	CP(DCSF)CM GGR(DCSF)DF	114,714 0	(13,114) 13,400							101,600 13,400
	Sub Total		114,714	286	0	0	0	0	0	0	115,000
36	City Boys ASC Provision	CP(DCSF)CM	0	283,000							283,000
37	St Edmunds SI Provision	CP(DCSF)CM	0	437,000							437,000
38	Mayfield Improvement of Dinning Facilities	CP(DCSF)CM GGR(DCSF)DF	135,969 0	(5,969) 20,000							130,000 20,000
	Sub Total		135,969	14,031	0	0	0	0	0	0	150,000
39	Isambard Brunel Windows, Roof & Bell Tower	CP(DCSF)CM GGR(DCSF)DF	138,544 0	256 13,200							138,800 13,200
	Sub Total		138,544	13,456	0	0	0	0	0	0	152,000
40	Court Lane Junior Structural Repairs	CP(DCSF)CM GGR(DCSF)DF	151,200 7,425	11,375							151,200 18,800
	Sub Total		158,625	11,375	0	0	0	0	0	0	170,000
41	Arundel Court Federation Roof & Structural	CP(DCSF)CM GGR(DCSF)DF	134,600 8,313	17,087							134,600 25,400
	Sub Total		142,913	17,087	0	0	0	0	0	0	160,000
42	Craneswater Junior Bell Tower	CP(DCSF)CM CP(DCSF)BN GGR(DCSF)DF	60,247 1,952 7,500								60,247 1,952 7,500
	Sub Total		69,699	0	0	0	0	0	0	0	69,699
43	Wimborne Junior Boilers & Heating System	CP(DCSF)CM GGR(DCSF)DF	4,752 0	426,548 22,200							431,300 22,200
	Sub Total		4,752	448,748	0	0	0	0	0	0	453,500

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44	Fernhurst Boiler & Fan Convectors	CP(DCSF)CM GGR(DCSF)DF	89,827 14,600	7,757							97,584 14,600
	Sub Total		104,427	7,757	0	0	0	0	0	0	112,184
45	Lyndhurst Junior Windows	CP(DCSF)CM GGR(DCSF)DF	96,600 6,326	12,074							96,600 18,400
	Sub Total		102,926	12,074	0	0	0	0	0	0	115,000
46	Portsmouth Primary Windows	CP(DCSF)CM GGR(DCSF)DF	81,534 0	6,866 14,600							88,400 14,600
	Sub Total		81,534	21,466	0	0	0	0	0	0	103,000
47	Paulsgrove Primary Structural Repairs	CP(DCSF)CM GGR(DCSF)DF	22,339 0	77,815 13,750							100,154 13,750
	Sub Total		22,339	91,565	0	0	0	0	0	0	113,904
48	College Park Roof Repairs	CP(DCSF)BN GGR(DCSF)DF	15,000 2,349	2,651							15,000 5,000
	Sub Total		17,349	2,651	0	0	0	0	0	0	20,000
49	Meon Infants Roof Repairs	CP(DCSF)BN GGR(DCSF)DF	105,727 0	16,273 12,000							122,000 12,000
	Sub Total		105,727	28,273	0	0	0	0	0	0	134,000
50	Sufficiency Contingency for Primary Schools	CP(DCSF)CM	707,391	12,609							720,000
51	St Jukes Primary Capital Programme	CP(DCSF)BN	17,126	232,874	500,000						750,000
52	Manor Infants Construction of Two Study Areas	CP(DCSF)BN	0	20,000							20,000
53	Harbour School @ Fratton Door Replacement	CP(DCSF)CM	26,868	1,622							28,490
54	Manor Infants Fire Alarms and Emergency Lighting	CP(DCSF)CM	34,548	45,452							80,000
55	Meon Junior Emergency Lighting	CP(DCSF)CM	6,259	50,491							56,750

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56	Short Breaks for Disabled Children 2012/13	GGR(DFE)SB	0	55,698							55,698
		GGR(DCSF)SSEYC	0	41,697							41,697
		B	0	14,000							14,000
	Sub Total		0	111,395	0	0	0	0	0	0	111,395
57	School Condition Projects	CP(DCSF)CM	0	35,541							35,541
58	Supply of School Places	S106(EC)	0								0
59	College Park Boiler Replacement	B	21,507	(1,507)							20,000
		CorpRsv	0	8,150							8,150
	Sub Total		21,507	6,643	0	0	0	0	0	0	28,150
	College Park (Early Years) Boiler Replacement	CP(DCSF)CM	0	11,000							11,000
		CorpRsv	0	31,000							31,000
	Sub Total		0	42,000	0	0	0	0	0	0	42,000
61	Cottage Grove Sufficiency	CP(DCSF)BN	14,819	0	0						14,819
		CP(DCSF)CM	0	294,843	100,000						394,843
		S106(EC)	0	120,338							120,338
	Sub Total		14,819	415,181	100,000	0	0	0	0	0	530,000
62	Portsmouth Primary Sufficiency	CP(DCSF)BN	0	50,000							50,000
63	Somers Park Primary Sufficiency	CP(DCSF)BN	0	0	244,748						244,748
		CP(DCSF)CM	0	100,000	294,752						394,752
	Sub Total		0	100,000	539,500	0	0	0	0	0	639,500
64	Mayfield Sufficiency	EEA	0		1,740,058						1,740,058
		CorpRsv	0		59,942						59,942
		CP(DCSF)BN	0	26,000							26,000
		GGR(DCSF)DF	0	34,249							34,249
		CP(DCSF)CM	0	65,751							65,751
	Sub Total		0	126,000	1,800,000	0	0	0	0	0	1,926,000

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65	Stamshaw Junior Sufficiency	CP(DCSF)BN	129	239,519	20,000						259,648
66	Harbour Sufficiency	CP(DCSF)BN	0	26,713							26,713
67	Westover Primary Sufficiency	CP(DCSF)BN	0	200,000	465,500						665,500
68	Highbury Primary Sufficiency	CP(DCSF)BN	0	500,000	330,000						830,000
69	Moorings Way Sufficiency	CP(DCSF)BN	241	132,398							132,639
70	Medina Fire Risk	GGNR(DCSF)LAM CorpRsv	1,467 0	(1,467) 5,000							0 5,000
	Sub Total		1,467	3,533	0	0	0	0	0	0	5,000
71	Various Schools Fire Alarm Upgrade	CP(DCSF)CM	0	56,000							56,000
	City Boys Concrete Panel Replacement	GGR(DCSF)DF CP(DCSF)CM	297 0	35,751 319,752	20,000						36,048 339,752
	Sub Total		297	355,503	20,000	0	0	0	0	0	375,800
73	Court Lane Junior Legionella Works	GGR(DCSF)DF CP(DCSF)CM	0 0	28,233 201,767	20,000						28,233 221,767
	Sub Total		0	230,000	20,000	0	0	0	0	0	250,000
74	Gatcombe Park Primary Window Replacement	GGR(DCSF)DF CP(DCSF)CM	231 0	6,132 43,637							6,363 43,637
	Sub Total		231	49,769	0	0	0	0	0	0	50,000
75	Highbury Primary Replacement Boiler & Heating (Design)	CP(DCSF)CM	0	30,000							30,000
76	Manor Infant School Roof Replacement	GGR(DCSF)DF CP(DCSF)CM	977 0	12,041 76,982							13,018 76,982
	Sub Total		977	89,023	0	0	0	0	0	0	90,000
77	St Judes Boiler Replacement (Design Only)	CP(DCSF)CM	0	15,000							15,000

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78	Arundel Court Federation Legionella	GGR(DCSF)DF CP(DCSF)CM	0 0	5,000	20,506 49,494						25,506 49,494
	Sub Total		0	5,000	70,000	0	0	0	0	0	75,000
79	Brambles Nursery Roofing Works (Design Only)	GGR(DCSF)DF CP(DCSF)CM	176 0	(176) 5,000							0 5,000
	Sub Total		176	4,824	0	0	0	0	0	0	5,000
80	Cottage Grove Flat Roof Replacement	GGR(DCSF)DF CP(DCSF)CM	0 0	14,796 64,204	10,000						14,796 74,204
	Sub Total		0	79,000	10,000	0	0	0	0	0	89,000
	Court Lane Junior Electrical Distribution Boards	GGR(DCSF)DF CP(DCSF)CM	0 0		8,300 24,900						8,300 24,900
	Sub Total		0	0	33,200	0	0	0	0	0	33,200
82	Cumberland Infant Installation of Emergency Lighting	GGR(DCSF)DF CP(DCSF)CM	0 0	5,564 31,436							5,564 31,436
	Sub Total		0	37,000	0	0	0	0	0	0	37,000
83	Harbour @ Fratton Installation of Emergency Lighting	GGR(DCSF)DF CP(DCSF)CM	0 0	3,875 11,625							3,875 11,625
	Sub Total		0	15,500	0	0	0	0	0	0	15,500
84	Meon Junior Roof & Windows	GGR(DCSF)DF CP(DCSF)CM OG	1,144 0 0	20,656 366,200 18,400	30,000						21,800 396,200 18,400
	Sub Total		1,144	405,256	30,000	0	0	0	0	0	436,400
85	Meon Junior Replacement of Electrical Boards	CP(DCSF)CM	0	10,000							10,000

CHILDREN & EDUCATION PORTFOLIO

CAPITAL PROGRAMME

Item No.	Description of Scheme	Identified Source of Finance	Exp. to 31 Mar 2013	Revised Estimate for 2013/14	Estimate for 2014/15	Estimate for 2015/16	Estimate for 2016/17	Estimate for 2017/18	Estimate for 2018/19	Exp. in Subsequent Years	Final Cost
86	Langstone Infant Asbestos in Boiler Room	GGR(DCSF)DF CP(DCSF)CM	0 0		3,875 11,625						3,875 11,625
	Sub Total		0	0	15,500	0	0	0	0	0	15,500
87	Mayfield Secondary Structural Repairs	GGR(DCSF)DF CP(DCSF)CM	0 0	34,250 55,750	10,000						34,250 65,750
	Sub Total		0	90,000	10,000	0	0	0	0	0	100,000
88	Moorings Way Emergency Lighting	CP(DCSF)CM	0		10,000						10,000
89	Moorings Way Replacement of Electrical Distribution	GGR(DCSF)DF CP(DCSF)CM	0 0		4,855 36,045						4,855 36,045
	Sub Total		0	0	40,900	0	0	0	0	0	40,900
	St Judes Replacement of Electrictrical Distribution	GGR(DCSF)DF CP(DCSF)CM	0 0	8,511 37,589							8,511 37,589
	Sub Total		0	46,100	0	0	0	0	0	0	46,100
91	Arundel Court Foyer	CP(DCSF)CM	0	55,000							55,000
92	Langstone Junior Fencing (Urgent H&S)	CP(DCSF)CM	0	3,202							3,202
93	Meredith Annexe (Urgent H&S)	CP(DCSF)CM	0	5,500							5,500
94	Newbridge School Servery (Urgent H&S)	CP(DCSF)CM	0	5,000							5,000
95	Moorings Way Staff Room/Reception	CP(DCSF)CM GGR(DCSF)DF	0 0	16,000 20,000							16,000 20,000
	Sub Total		0	36,000	0	0	0	0	0	0	36,000
96	School Condition Projects 2014/15	CP(DCSF)CM CP(EFA)2YR OC	0 0 0		676,439 459,561 856,750						676,439 459,561 856,750
	Sub Total		0	0	1,992,750	0	0	0	0	0	1,992,750

CHILDREN & EDUCATION PORTFOLIO

CAPITAL PROGRAMME

Item No.	Description of Scheme	Identified Source of Finance	Exp. to 31 Mar 2013	Revised Estimate for 2013/14	Estimate for 2014/15	Estimate for 2015/16	Estimate for 2016/17	Estimate for 2017/18	Estimate for 2018/19	Exp. in Subsequent Years	Final Cost
97	Portsmouth College Sufficiency Post 16	CP(DCSF)CM OC	0 0		240,000 360,000						240,000 360,000
Sub Total			0	0	600,000	0	0	0	0	0	600,000
Grand Total			40,831,139	13,936,737	9,421,847	0	0	0	0	0	64,189,723

CULTURE LEISURE AND SPORT PORTFOLIO
CAPITAL PROGRAMME

Item No.	Description of Scheme	Identified Source of Finance	Exp. to 31 Mar 2013	Revised Estimate for 2013/14	Estimate for 2014/15	Estimate for 2015/16	Estimate for 2016/17	Estimate for 2017/18	Estimate for 2018/19	Exp. in Subsequent Years	Final Cost
1	Mountbatten Centre Redevelopment	CorpRsv UB OG S106(OS)	3,478,891 10,795,382 5,490,000 42,768		333,859						3,812,750 10,795,382 5,490,000 42,768
	Sub Total		19,807,041	0	333,859	0	0	0	0	0	20,140,900
2	Seafront Improvements	CorpRsv	56,104	30,000	60,983						147,087
3	Re-provision of Wymering and Hillside Centres	CorpRsv OC CMR	56,554 431,285 0	348,846 568,715 60,000	29,600						435,000 1,000,000 60,000
	Sub Total		487,839	977,561	29,600	0	0	0	0	0	1,495,000
4	Indoor Tennis Centre	CorpRsv OC OR	81,740 46,593 0	134,522 749,794 38,000	78,738 38,000						295,000 834,387 38,000
	Sub Total		128,333	922,316	116,738	0	0	0	0	0	1,167,387
5	Green Flag Bids	S106(OS)	0		10,000						10,000
6	Hilsea Splashpool	CorpRsv S106(OS)	74,200 256,639	69,161							74,200 325,800
	Sub Total		330,839	69,161	0	0	0	0	0	0	400,000
7	Lights at the Land Side of the Hot Walls	CorpRsv	65,266		34,734						100,000
8	Zetland Field - Floodlights to Ball Court	S106(OS)	170	13,830							14,000
9	Seafront HLF Bid	S106(OS) CorpRsv LOT	12,130 880 0		12,474 900,000		74,516				86,646 13,354 900,000
	Sub Total		13,010	0	912,474	74,516	0	0	0	0	1,000,000
10	Library RFID Self Service	MTRS	322,726	78,774							401,500

CULTURE LEISURE AND SPORT PORTFOLIO

CAPITAL PROGRAMME

Item No.	Description of Scheme	Identified Source of Finance	Exp. to 31 Mar 2013	Revised Estimate for 2013/14	Estimate for 2014/15	Estimate for 2015/16	Estimate for 2016/17	Estimate for 2017/18	Estimate for 2018/19	Exp. in Subsequent Years	Final Cost
11	Canoe Lake	S106(OS) LOT	0 0		40,000 360,000						40,000 360,000
	Sub Total		0	0	400,000	0	0	0	0	0	400,000
12	Southsea Seafront Beachhuts	UB	300	4,700	145,000	150,000					300,000
13	Coastal Communities Bid (ARTches)	CorpRsv CP(DFT)IT OG	7,461 0 0		100,000 1,593,540						7,461 100,000 1,643,540
	Sub Total		7,461	50,000	1,693,540	0	0	0	0	0	1,751,001
14	Milton Tennis Courts' Resurfacing	OC	29,812	43,688	1,500						75,000
	Drayton Park - Refurbishment of Tennis Courts	S106(OS)	0		135,000						135,000
	Lighting for Square Tower and Round Tower	S106(OS)	0		50,000						50,000
	Rock Gardens - Replacement of CCTV	S106(OS)	0		20,000						20,000
18	Mobile Library	CorpRsv	0		100,000						100,000
19	Southsea Seafront Investment (excl. Pyramids)	CorpRsv	0			250,000					250,000
20	Relocation of Archive Store to Southsea Library	CorpRsv	0		300,000	300,000					600,000
21	Kings Theatre - Capital Grant	CRGG	0	200,000							200,000
Grand Total			21,248,901	2,390,030	4,343,428	774,516	0	0	0	0	28,756,875

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ENVIRONMENT & COMMUNITY SAFETY PORTFOLIO
CAPITAL PROGRAMME

Item No.	Description of Scheme	Identified Source of Finance	Exp. to 31 Mar 2013	Revised Estimate for 2013/14	Estimate for 2014/15	Estimate for 2015/16	Estimate for 2016/17	Estimate for 2017/18	Estimate for 2018/19	Exp. in Subsequent Years	Final Cost
1	Portsea Island Coastal Strategy Study	B OGENV	180,136 336,354	8,564							180,136 344,918
	Sub Total		516,490	8,564	0	0	0	0	0	0	525,054
2	Portsea Island - Flood Cell 1: Southsea - Coastal Flood and Erosion Risk Management Preliminary Study	OGENV CorpRsv	164,579 0	200,000	135,421 111,500						500,000 111,500
	Sub Total		164,579	200,000	246,921	0	0	0	0	0	611,500
3	Portsea Island - Flood Cell 4: North Portsea Island - Coastal Flood and Erosion Risk Management Preliminary Study	OGENV CorpRsv	162,911 0	200,000	137,089 111,500						500,000 111,500
	Sub Total		162,911	200,000	248,589	0	0	0	0	0	611,500
	Portsea Island - Flood Cell 1: Southsea - Coastal Flood and Erosion Risk Management Scheme	OGENV	0		5,000,000	5,000,000	10,000,000	9,000,000	100,000		29,100,000
	Portsea Island - Flood Cell 4: North Portsea Island - Coastal Flood and Erosion Risk Management Scheme	OGENV	0		5,000,000	5,000,000	10,000,000	5,000,000	100,000		25,100,000
6	Air Quality Action plan 2010/11	GGR(DEFRA)AQME	75,637	33,000	63,144						171,781
7	Sirius House, Victoria Rd Sth - Contaminated Land	GGR(DEFRA)CL	37,309								37,309
8	Horsea Island Country Park - Fencing	CorpRsv S106(OS) CP(DFT)IT OC	0 0 0 0	5,200 5,900	128,700 14,200 30,200						5,200 134,600 14,200 30,200
	Sub Total		0	11,100	173,100	0	0	0	0	0	184,200
9	East West Sewers - Tipner	OC	0	10,000	940,000	930,000	930,000				2,810,000
10	East West Sewers - Drayton to Budds Farm	OC	0	10,000	1,420,000	1,410,000	1,410,000				4,250,000

ENVIRONMENT & COMMUNITY SAFETY PORTFOLIO

CAPITAL PROGRAMME

Item No.	Description of Scheme	Identified Source of Finance	Exp. to 31 Mar 2013	Revised Estimate for 2013/14	Estimate for 2014/15	Estimate for 2015/16	Estimate for 2016/17	Estimate for 2017/18	Estimate for 2018/19	Exp. in Subsequent Years	Final Cost
11	CCTV Upgrades	GGNR(HO)SSC CorpRsv	65,200 0	4,300 30,000							69,500 30,000
	Sub Total		65,200	34,300	0	0	0	0	0	0	99,500
12	CCTV Control Room Improvements	GGNR(DEFRA)WI CorpRsv	34,740 62,257								34,740 62,257
	Sub Total		96,997	0	0	0	0	0	0	0	96,997
13	CCTV Systems and Control Room Infrastructure	CorpRsv	0	50,000	100,000		0	0	0	0	150,000
	Public Conveniences - Charging Mechanisms	CorpRsv	0	60,000							60,000
	Weekly Waste Collection Support Scheme	CorpRsv	0	380,000							380,000
	Grand Total		1,119,123	996,964	13,191,754	12,340,000	22,340,000	14,000,000	200,000	0	64,187,841

HEALTH AND SOCIAL CARE PORTFOLIO
CAPITAL PROGRAMME

Item No.	Description of Scheme	Identified Source of Finance	Exp. to 31 Mar 2013	Revised Estimate for 2013/14	Estimate for 2014/15	Estimate for 2015/16	Estimate for 2016/17	Estimate for 2017/18	Estimate for 2018/19	Exp. in Subsequent Years	Final Cost
1	Mental Health Supported Capital Expenditure - Various	B GGNR(DH)MH	175,510 63,900	80,000	76,143						331,653 63,900
	Sub Total		239,410	80,000	76,143	0	0	0	0	0	395,553
2	Nursing Care Scheme (Previously Harry Sotnick)	UB CorpRsv	7,166,286 452,719	5,781							7,166,286 458,500
	Sub Total		7,619,005	5,781	0	0	0	0	0	0	7,624,786
3	4 Sites Project	CorpRsv MTRS UB	951,808 0 247,295	385,069 743,827	342,086 400,000						1,678,963 400,000 991,122
	Sub Total		1,199,103	1,128,896	742,086	0	0	0	0	0	3,070,085
	CAF Infrastructure	GGR(DH)CAF	41,029	70,383							111,412
	Transforming Social Care	CRGG GGR(DH)CAF	8,500 28,415	43,543 32,342							52,043 60,757
	Sub Total		36,915	75,885	0	0	0	0	0	0	112,800
6	Health & Social Care Partnership Mgmt of Data	CRGG	45,000	55,000							100,000
7	New & Improved Models of Care	CP(DH)CG CorpRsv UB	60,807 3,176 0	547,278	391,915 968,542 1,595,885	383,408 2,484,313	18,874 145,802				1,000,000 1,374,000 4,226,000
	Sub Total		63,983	547,278	2,956,342	2,867,721	164,676	0	0	0	6,600,000
Grand Total			9,244,445	1,963,223	3,774,571	2,867,721	164,676	0	0	0	18,014,636

PLANNING, REGENERATION & ECONOMIC DEVELOPMENT PORTFOLIO

CAPITAL PROGRAMME

Item No.	Description of Scheme	Identified Source of Finance	Exp. to 31 Mar 2013	Revised Estimate for 2013/14	Estimate for 2014/15	Estimate for 2015/16	Estimate for 2016/17	Estimate for 2017/18	Estimate for 2018/19	Exp. in Subsequent Years	Final Cost
1	City Centre Regeneration - Environmental Enhancements	CorpRsv OC	430,551 243,037		30,193						430,551 273,230
	Sub Total		673,588	0	30,193	0	0	0	0	0	703,781
2	City Centre Regeneration - Branding & Marketing	OC	5,772		14,228						20,000
3	City Centre Interim Works	CorpRsv	129,379	10,000	110,621						250,000
4	Southsea Shopping Centre	CorpRsv UB	600,147 7,000		30,254 18,000						630,401 25,000
	Sub Total		607,147	0	48,254	0	0	0	0	0	655,401
5	North End Shopping Centre Regeneration	CorpRsv	370,399	29,601							400,000
6	Palmerston Road Improvements	CorpRsv	324,214	175,786							500,000
7	Land Purchase - Unit H16 Limberline Road	CorpRsv	3,284		96,716						100,000
8	Commercial Road Fountain Refurbishment	CorpRsv OC	96,765 73,525	(52,475) 52,475							44,290 126,000
	Sub Total		170,290	0	0	0	0	0	0	0	170,290
9	Relocation of TIC (nr Blue Reef) to D Day Museum	CorpRsv	60,321	37,679							98,000
10	City Centre Road Upgrade	OC CorpRsv CP(DFT)IT UB CIL S106(ST) S106(EW)	0 0 0 8,291 0 0 0		0 1,534,372 568,467 41,709 1,155,335 161,386 5,440	575,000		1,268,290 1,500,000			575,000 4,302,662 568,467 4,000,000 6,000,000 161,386 392,485
	Sub Total		8,291	950,000	3,466,709	6,075,000	4,000,000	1,500,000	0	0	16,000,000
11	Enterprise Centre Dilapidations	CorpRsv	0		40,000						40,000
12	Horsea Island Bridge Link	OC	0		15,500	32,000	3,507,000	28,635,000	2,810,000	0	34,999,500

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PLANNING, REGENERATION & ECONOMIC DEVELOPMENT PORTFOLIO

CAPITAL PROGRAMME

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13	Cosham High Street	CP(DFT)IT	0	200,000							200,000
14	Dunsbury Hill Farm - Access Road	CorpRsv	0	50,000	50,000						100,000
		CP(DFT)IT	0		294,485						294,485
		S106(OS)	0		105,515						105,515
		RCCO	0	250,000							250,000
		OC	0			6,540,000					6,540,000
		UB	0			2,400,000					2,400,000
	Sub Total		0	300,000	450,000	8,940,000	0	0	0	0	9,690,000
15	City Deal	OG(DCLG)CD	0		17,842,000	7,498,000	22,455,000	2,062,000			49,857,000
		CorpRsv	0		1,100,000			2,063,000		1,133,000	4,296,000
		CIL	0					4,811,000		5,378,000	10,189,000
		S106(EW)	0							48,653,000	48,653,000
		UB	0					11,222,000			11,222,000
	Sub Total		0	0	18,942,000	7,498,000	22,455,000	20,158,000	0	55,164,000	124,217,000
	Grand Total		2,352,685	1,703,066	23,214,221	22,545,000	29,962,000	50,293,000	2,810,000	55,164,000	188,043,972

COMMERCIAL PORT
CAPITAL PROGRAMME

Item No.	Description of Scheme	Identified Source of Finance	Exp. to 31 Mar 2013	Revised Estimate for 2013/14	Estimate for 2014/15	Estimate for 2015/16	Estimate for 2016/17	Estimate for 2017/18	Estimate for 2018/19	Exp. in Subsequent Years	Final Cost
1	New Terminal Building	UB EUG CorpRsv	15,900,350 421,058	129,279 73,227							16,029,629 421,058 73,227
	Sub Total		16,321,408	202,506	0	0	0	0	0	0	16,523,914
2	Signage Electronic Upgrade	UB	686,798	58,202							745,000
3	Water Regulations Upgrade	CorpRsv	79,527	50,473							130,000
4	Dredging - Albert Johnson & Flathouse Quays	B CorpRsv	238,500 2,833,780	395,720							238,500 3,229,500
	Sub Total		3,072,280	395,720	0	0	0	0	0	0	3,468,000
	Berth 2 Extension	UB	1,471,639	28,361							1,500,000
	Port Infrastructure	CorpRsv	0		418,600						418,600
	Berth 1 Pontoon Refurbishment	OG(DFT)LSTFSec31 CorpRsv	28,500 300	400							28,500 700
	Sub Total		28,800	400	0	0	0	0	0	0	29,200
8	Port Master System	CorpRsv	0	25,000	172,300						197,300
9	Berth 5 Linkspan	CRGG CorpRsv	0 0	100,000 10,000	0 165,000						100,000 175,000
	Sub Total		0	110,000	165,000	0	0	0	0	0	275,000
10	Demolition of Floating Dock Jetty	CRGG OC	0 0		500,000 2,700,000						500,000 2,700,000
	Sub Total		0	0	3,200,000	0	0	0	0	0	3,200,000
11	Automatic Line Handling Equipment	MTRS	0	500,000							500,000
12	Check-in Canopies	CorpRsv	0	406,000							406,000
	Grand Total		21,660,452	1,776,662	3,955,900	0	0	0	0	0	27,393,014

RESOURCES PORTFOLIO
CAPITAL PROGRAMME

Item No.	Description of Scheme	Identified Source of Finance	Exp. to 31 Mar 2013	Revised Estimate for 2013/14	Estimate for 2014/15	Estimate for 2015/16	Estimate for 2016/17	Estimate for 2017/18	Estimate for 2018/19	Exp. in Subsequent Years	Final Cost
1	E-Government	CorpRsv	29,708	24,392							54,100
2	Landlord's Maintenance - Capitalised Repairs	CorpRsv CMR	1,279,090	125,453 44,000	0						1,404,543 44,000
	Sub Total		1,279,090	169,453	0	0	0	0	0	0	1,448,543
3	Project Management	CorpRsv	0	189,000	94,500						283,500
4	ICT Security	CorpRsv	301,737	41,228							342,965
5	Landlord's Maintenance	CorpRsv CP(DCSF)CM CROC CRGG CP(DFT)IT	814,276 331,301 0 0 0	304,608 129,160 492,000 103,212 378,088	0 189,289						1,118,884 649,750 492,000 103,212 454,788
	Sub Total		1,145,577	1,407,068	265,989	0	0	0	0	0	2,818,634
	Landlord's Maintenance - Capital Contingency	CorpRsv CRGG	0 0		350,000 196,000						350,000 196,000
	Sub Total		0	0	546,000	0	0	0	0	0	546,000
7	Civic Offices - Telephone Exchange	CorpRsv	866,929	10,457							877,386
8	MMD - Capital Advances	UB	5,534,000	250,000	1,250,000	2,000,000	250,000				9,284,000
9	Asset Management System	B	102,133	197,884							300,017
10	Major Repairs to Corporate Property Portfolio	CorpRsv CROC CRGG MTRS RCCO OC	424,912 11,500 229,900 200,000 0 9,800	199,659 199,999 14,000 200	45,000						669,571 11,500 429,899 200,000 14,000 10,000
	Sub Total		876,112	413,858	45,000	0	0	0	0	0	1,334,970
11	Merefield House Relocation & Customer Access Refurb.	CorpRsv	516,009	131,358							647,367

RESOURCES PORTFOLIO
CAPITAL PROGRAMME

Item No.	Description of Scheme	Identified Source of Finance	Exp. to 31 Mar 2013	Revised Estimate for 2013/14	Estimate for 2014/15	Estimate for 2015/16	Estimate for 2016/17	Estimate for 2017/18	Estimate for 2018/19	Exp. in Subsequent Years	Final Cost
12	DDA Works to Corporate Property Portfolio	CorpRsv	47,475	2,525							50,000
13	Dame Judith Prof. Centre - Relocation of Services	CorpRsv CP(DCSF)CM	56,600 41,076	69,324							56,600 110,400
	Sub Total		97,676	69,324	0	0	0	0	0	0	167,000
14	Replacement of Cash Handling System	CorpRsv	37,089	163,911							201,000
15	Civic Offices Catering - Coffee Shop	CorpRsv	61,293	7,960							69,253
16	IS Data Centre	CorpRsv	944,011	(88,711)							855,300
17	IS Data Centre Chillers	CMR	0	134,400	0	0	0	0	0	0	134,400
	Update of Oracle E-Business Suite Software to R12	ODR CorpRsv	355,543 0	106,241 13,220							461,784 13,220
	Sub Total		355,543	119,461	0	0	0	0	0	0	475,004
19	Transformation Programme - Customer Management	UB	15,592	76,908	92,500						185,000
20	IS Road Map	CorpRsv	0	220,000	615,000						835,000
21	Central Library & Southsea Library Photovoltaic Panels	CMR	116,928	33,072							150,000
22	Review of Business Software (Windows 7)	CorpRsv ITR	623,675 49,500	910,825	0						1,534,500 49,500
	Sub Total		673,175	910,825	0	0	0	0	0	0	1,584,000
23	HR Self Serve & I Expenses	OR MTRS	137,677 373,000	57,323	50,000						195,000 423,000
	Sub Total		510,677	57,323	50,000	0	0	0	0	0	618,000
24	Legal Case Management Software	MTRS	0	96,000	0						96,000

RESOURCES PORTFOLIO
CAPITAL PROGRAMME

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25	Replace Oldest Quay Tugs (MMD)	CorpRsv MTRS	0 0	30,000 63,000							30,000 63,000
	Sub Total		0	93,000	0	0	0	0	0	0	93,000
26	Purchase of Haulage Trailers (MMD)	MTRS	0	63,000							63,000
27	Voltage Reduction & Power Cleaning (MMD)	MTRS	0	137,000							137,000
28	Guildhall Capital Works	CorpRsv	687,065	57,675							744,740
29	Revenue and Benefits EDMS replacement	CorpRsv	0	95,000							95,000
30	Call Recording System	CorpRsv	0		90,000						90,000
31	Working Anywhere	CorpRsv CP(DH)CG	0 0		912,656 67,344						912,656 67,344
	Sub Total		0	0	980,000	0	0	0	0	0	980,000
	Commercial Letting of Brunel Wing	CorpRsv CP(DCSF)CM	0 0		591,227 8,773						591,227 8,773
	Sub Total		0	0	600,000	0	0	0	0	0	600,000
33	World War 2 Memorial Guildhall Square	CorpRsv OC	0 0		27,000 70,000						27,000 70,000
	Sub Total		0	0	97,000	0	0	0	0	0	97,000
34	PSN CoCo Complicance	CorpRsv	0		126,000	66,000					192,000
35	Replacement Emergency Generator	CP(DCSF)CM	0		145,000						145,000
36	Civic Office Ducting	CP(DCSF)CM	0		90,000						90,000
Grand Total			14,197,819	5,083,371	5,086,989	2,066,000	250,000	0	0	0	26,684,179

TRAFFIC AND TRANSPORTATION PORTFOLIO

CAPITAL PROGRAMME

Item No.	Description of Scheme	Identified Source of Finance	Exp. to 31 Mar 2013	Revised Estimate for 2013/14	Estimate for 2014/15	Estimate for 2015/16	Estimate for 2016/17	Estimate for 2017/18	Estimate for 2018/19	Exp. in Subsequent Years	Final Cost
1	Implementation of Strategy - Cycle Racks	UB	29,395								29,395
2	Healthy Towns Routes to Cycling Improvements	UB	30,602	5,424							36,026
3	Congestion Monitoring (ANPR)	UB GGNR(DFT)LTPTT	31,681 109,501	2,818							34,499 109,501
	Sub Total		141,182	2,818	0	0	0	0	0	0	144,000
4	Verge Hardening	CorpRsv	55,333	9,819							65,152
5	Contribution to PFI	HwayPFI UB CP(DFT)HM	8,127,424 2,306,379 2,225,000	2,285,737 1,309,000	3,303,230 1,053,000	3,874,757	2,688,920	2,448,746	3,434,820	36,331,226	62,494,860 2,306,379 4,587,000
	Sub Total		12,658,803	3,594,737	4,356,230	3,874,757	2,688,920	2,448,746	3,434,820	36,331,226	69,388,239
	Tipner Interchange Bridges	OG(DFT)Sec31 OC	2,484,353 315,030	377,861							2,862,214 315,030
	Sub Total		2,799,383	377,861	0	0	0	0	0	0	3,177,244
7	Tipner Motorway Junction & Park & Ride	OG(DFT)Sec31 CorpRsv CROC S106(ST) S106(EW) CP(DFT)IT CIL CP(DCLG)DFG PUSH(NGP) OC	5,451,031 1,998,942 0 0 0 0 0 0 1,460,000 520,000	14,298,969 1,156,442 930,139 226,143 381,412 758,660 2,502,235 0 0		1,950,840					19,750,000 3,155,384 930,139 226,143 381,412 2,709,500 2,502,235 135,700 1,460,000 3,100,000
	Sub Total		9,429,973	20,254,000	4,666,540	0	0	0	0	0	34,350,513

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TRAFFIC AND TRANSPORTATION PORTFOLIO

CAPITAL PROGRAMME

Item No.	Description of Scheme	Identified Source of Finance	Exp. to 31 Mar 2013	Revised Estimate for 2013/14	Estimate for 2014/15	Estimate for 2015/16	Estimate for 2016/17	Estimate for 2017/18	Estimate for 2018/19	Exp. in Subsequent Years	Final Cost
8	Trafalgar Gate Link Road	UB	666,414	563,100							1,229,514
		GGNR(DFT)LTPIT	5,406								5,406
		CP(DFT)IT	96,718								96,718
		OG(DFT/SEERA)	5,000,000								5,000,000
		EUG	571,034	(10,427)							560,607
		OC	818,500								818,500
		OG	14,139	145,167							159,306
	Sub Total		7,172,211	697,840	0	0	0	0	0	0	7,870,051
9	Northern Road Bridge	UB	331,688	(10,000)							321,688
		OC	105,010								105,010
		GGNR(DFT)LTPIT	529,810	0							529,810
		OG(DFT)Sec31	5,011,200	6,083,800							11,095,000
		CP(DFT)IT	309,399	(309,339)	12,907						12,967
		CROC	0	1,494,485	82,608						1,577,093
	Sub Total		6,287,107	7,258,946	95,515	0	0	0	0	0	13,641,568
	Safer Routes to School Minor Improvements (School	UB	5,258	14,425							19,683
	Seafront Cycle Route - Remedial Works	UB	10,527	5,073							15,600
12	Local Transport Plan & Road Safety 3	UB	0	70,000							70,000
		CorpRsv	0	390,789	200,000						590,789
		S278	21,800	1,844							23,644
		CP(DFT)IT	1,729,270	767,230	250,000						2,746,500
		S106(ST)	33,411	363,656							397,067
		OG(DFT)LSTFSec31	363,450	1,372,863	1,730,000						3,466,313
		OG(DFT)IFSHSec31	210,431	335,532	877,517						1,423,480
		RCCO	0	60,000							60,000
		OG	0	80,000							80,000
	Sub Total		2,358,362	3,441,914	3,057,517	0	0	0	0	0	8,857,793
13	City Wide Bus Shelters	S106(ST)	10,651	12,453							23,104

TRAFFIC AND TRANSPORTATION PORTFOLIO

CAPITAL PROGRAMME

Item No.	Description of Scheme	Identified Source of Finance	Exp. to 31 Mar 2013	Revised Estimate for 2013/14	Estimate for 2014/15	Estimate for 2015/16	Estimate for 2016/17	Estimate for 2017/18	Estimate for 2018/19	Exp. in Subsequent Years	Final Cost
14	The Hard Public Transport Interchange	CIL OC	0 0			2,000,000 4,830,000					2,000,000 5,125,000
	Sub Total		0	0	295,000	6,830,000	0	0	0	0	7,125,000
15	Replace Residential Street Lighting With LED	UB	0		1,520,000	1,520,000					3,040,000
Grand Total			40,988,787	35,675,310	13,990,802	12,224,757	2,688,920	2,448,746	3,434,820	36,331,226	147,783,368

MILLENNIUM

CAPITAL PROGRAMME

Item No.	Description of Scheme	Identified Source of Finance	Exp. to 31 Mar 2013	Revised Estimate for 2013/14	Estimate for 2014/15	Estimate for 2015/16	Estimate for 2016/17	Estimate for 2017/18	Estimate for 2018/19	Exp. in Subsequent Years	Final Cost
1	Spinnaker Tower	CorpRsv	7,796,126	7,000							7,803,126
		OR	5,604,747	(29,500)							5,575,247
		OC	9,624,000								9,624,000
		OG	15,073,600								15,073,600
	Sub Total		38,098,473			0	0	0	0	0	38,075,973
	Grand Total		38,098,473	(22,500)	0	0	0	0	0	0	38,075,973

HOUSING PORTFOLIO (GF)

CAPITAL PROGRAMME

Item No.	Description of Scheme	Identified Source of Finance	Exp. to 31 Mar 2013	Revised Estimate for 2013/14	Estimate for 2014/15	Estimate for 2015/16	Estimate for 2016/17	Estimate for 2017/18	Estimate for 2018/19	Exp. in Subsequent Years	Final Cost
1	Support For Vulnerable People	CorpRsv	540,727	50,000	661,398						1,252,125
		CP(DCLG)DFG	1,124,300	804,200	639,446						2,567,946
		CP(DCSF)BN	250,729	558,571							809,300
		CP(DH)CG	762,300								762,300
		CRGG	0	95,800							95,800
		GGR(DCLG)PSR	25,481								25,481
		GGR(DCLG)DF	634,100								634,100
		OC	741,233	122,415	100,250	401,056	101,920	102,343	104,827	107,372	1,781,416
		LR(HIP)	399,200	81,534	568,976	264,097					1,313,807
		OC				1,106,816	1,714,348	1,759,332	1,803,390	1,848,550	8,232,436
	Sub Total		4,478,070	1,712,520	1,970,070	1,771,969	1,816,268	1,861,675	1,908,217	1,955,922	17,474,711
2	Removal of Hazards and Risks within the Home	GGR(DCLG)PSR	0	527,008							527,008
		LR(HIP)	466,266	225,312	410,770	281,186	493,216	503,125	500,000	500,000	3,379,875
		OC	0					2,421	18,185	31,140	51,746
		CorpRsv				200,000					200,000
	Sub Total		466,266	752,320	410,770	481,186	493,216	505,546	518,185	531,140	4,158,629
3	Grants to Registered Social Landlords	S106(Hsg)	0	374,401	402,000						776,401
		CorpRsv	1,936	85,337							87,273
	Sub Total		1,936	459,738	402,000	0	0	0	0	0	863,674
Grand Total			4,946,272	2,924,578	2,782,840	2,253,155	2,309,484	2,367,221	2,426,402	2,487,062	22,497,014

HOUSING PORTFOLIO (HRA)

CAPITAL PROGRAMME

Item No.	Description of Scheme	Identified Source of Finance	Exp. to 31 Mar 2013	Revised Estimate for 2013/14	Estimate for 2014/15	Estimate for 2015/16	Estimate for 2016/17	Estimate for 2017/18	Estimate for 2018/19	Exp. in Subsequent Years	Final Cost
1	Somersstown Hub	B(HRA)	75,979								75,979
		CorpRsv	947,080	2,024,500							2,971,580
		PUSH	1,639,411								1,639,411
		RCCO(HRA)	0	3,538,503	624,338	162,000					4,324,841
		UB(HRA)	1,104,434	1,436,997							2,541,431
	Sub Total		3,766,904	7,000,000	624,338	162,000	0	0	0	0	11,553,242
2	Somersstown Tipton House Site 7 Houses	OC	440,000								440,000
		PUSH	311,187								311,187
		UB(HRA)	226,921								226,921
		RCCO(HRA)		92,876							92,876
	Sub Total		978,108	92,876	0	0	0	0	0	0	1,070,984
3	Somersstown Wellington Street Site 16 Houses	OC	1,200,000								1,200,000
		PUSH	1,101,741								1,101,741
		RCCO(HRA)	0	439,000	412,412						851,412
		S106(Hsg)	180,000								180,000
		UB(HRA)	568,987								568,987
	Sub Total		3,050,728	439,000	412,412	0	0	0	0	0	3,902,140
4	Purchase Properties for Supported Living	B(HRA)	350								350
		RCCO(HRA)	1,218,936								1,218,936
		UB(HRA)	148,392								148,392
	Sub Total		1,367,678	0	0	0	0	0	0	0	1,367,678
5	Eastern Rd New Properties	CorpRsv	0		140,000						140,000
		RCCO(HRA)	87,477								87,477
	Sub Total		87,477	0	140,000	0	0	0	0	0	227,477
6	New Properties	RCCO(HRA)	0								0
7	Old London Road	RCCO(HRA)	210,830	251,378							462,208
		CRec(HRA)	90,356	107,733							198,089
	Sub Total		301,186	359,111	0	0	0	0	0	0	660,297

HOUSING PORTFOLIO (HRA)

CAPITAL PROGRAMME

Item No.	Description of Scheme	Identified Source of Finance	Exp. to 31 Mar 2013	Revised Estimate for 2013/14	Estimate for 2014/15	Estimate for 2015/16	Estimate for 2016/17	Estimate for 2017/18	Estimate for 2018/19	Exp. in Subsequent Years	Final Cost
8	Replacement Homes	CRec(HRA)	0				1,457,765	1,640,955	1,739,485	1,841,464	6,679,669
		RCCO(HRA)	0				280,334	755,322	783,680	813,098	2,632,434
		UB(HRA)	0							4,578,883	4,578,883
	Sub Total		0	0	0	0	1,738,099	2,396,277	2,523,165	7,233,445	13,890,986
9	HRA Assets (Non Dwelling)	B(HRA)	3,714,358								3,714,358
		CorpRsv	0	300,000	300,000						600,000
		RCCO(HRA)	3,464,354	3,826,075	3,909,092	1,114,420	1,030,420	1,560,420	1,330,420	1,330,420	17,565,621
		UB(HRA)	0	484,109							484,109
	Sub Total		7,178,712	4,610,184	4,209,092	1,114,420	1,030,420	1,560,420	1,330,420	1,330,420	22,364,088
10	Total Major Repairs Specific Contracts (Dwellings)	B(HRA)	2,417								2,417
		OC	850,175	755,517	774,405	793,765	813,609	833,950	854,798	876,168	6,552,387
		RCCO(HRA)	1,942,480	3,948,746	12,086,345	7,298,735	5,367,891	4,953,550	5,307,702	5,593,832	46,499,281
		UB(HRA)	2,152								2,152
	Sub Total		2,797,224	4,704,263	12,860,750	8,092,500	6,181,500	5,787,500	6,162,500	6,470,000	53,056,237
	Total Major Repairs Dwellings	B(HRA)	134,210								134,210
		OC	414,348								414,348
		RCCO(HRA)	25,598,434	14,695,544	20,794,157	13,848,782	17,493,644	20,590,332	20,312,969	26,062,521	159,396,383
		OG	883,549	161,035							1,044,584
		UB(HRA)	11,841,361								11,841,361
	Sub Total		38,871,902	14,856,579	20,794,157	13,848,782	17,493,644	20,590,332	20,312,969	26,062,521	172,830,886
12	King William Street	UB(HRA)	0								0
13	Millgate House	UB(HRA)	0								0
14	Southsea Community Centre	UB(HRA)	0		1,101,928						1,101,928
		CRec(HRA)	0	30,265	472,255	85,787					588,307
		RCCO(HRA)	0	70,618		200,170					270,788
	Sub Total		0	100,883	1,574,183	285,957	0	0	0	0	1,961,023

HOUSING PORTFOLIO (HRA)

CAPITAL PROGRAMME

Item No.	Description of Scheme	Identified Source of Finance	Exp. to 31 Mar 2013	Revised Estimate for 2013/14	Estimate for 2014/15	Estimate for 2015/16	Estimate for 2016/17	Estimate for 2017/18	Estimate for 2018/19	Exp. in Subsequent Years	Final Cost
15	Brook Club	UB(HRA)	0		1,166,051						1,166,051
		CRec(HRA)	0	27,340	499,736	90,781					617,857
		RCCO(HRA)	0	63,794		211,822					275,616
	Sub Total		0	91,134	1,665,787	302,603	0	0	0	0	2,059,524
16	Plot 2 Wellington Street	UB(HRA)	0		930,796	917,441					1,848,237
		CRec(HRA)	0	38,058	416,494	393,189					847,741
		RCCO(HRA)	0	88,801	41,022						129,823
	Sub Total		0	126,859	1,388,312	1,310,630	0	0	0	0	2,825,801
17	Aurthur Pope House	UB(HRA)	0	65,500		2,480,469					2,545,969
		CRec(HRA)	0	32,304	340,623	1,192,939	199,668				1,765,534
		RCCO(HRA)	0	9,876	534,787	303,054	465,893				1,313,610
		CorpRsv	0		260,000						260,000
	Sub Total		0	107,680	1,135,410	3,976,462	665,561	0	0	0	5,885,113
18	Grove Road North	UB(HRA)	0	1,106,639							1,106,639
		CRec(HRA)	0	555,000							555,000
		RCCO(HRA)	0	188,361							188,361
	Sub Total		0	1,850,000	0	0	0	0	0	0	1,850,000
19	Cromwell Road	UB(HRA)	0	703,634							703,634
		CRec(HRA)	0	405,000							405,000
		RCCO(HRA)	0	241,366							241,366
	Sub Total		0	1,350,000	0	0	0	0	0	0	1,350,000
20	Development Internal Charges	UB(HRA)	0			73,297					73,297
		CRec(HRA)	0	2,781	36,924	36,959	3,898				80,562
		RCCO(HRA)	0	6,488	86,157	12,940	9,095				114,680
	Sub Total		0	9,269	123,081	123,196	12,993	0	0	0	268,539
21	Commercial Development at Wellington St	PUSH	30,099								30,099
Grand Total			58,430,018	35,697,838	44,927,522	29,216,550	27,122,217	30,334,529	30,329,054	41,096,386	297,154,114

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NEW SCHEMES STARTING IN 2014/15

CAPITAL PROGRAMME

Description of Scheme	Scheme Details	Corporate Financing Requirement	Scheme Cost	On-going Revenue Cost / (Saving)
Children & Education				
School Condition Projects	To provide capital funding to address school condition issues (Priority 1: Urgent Repairs that have to be completed within the next 1 - 2 years) as identified by priority items raised during the Asset Management Plan meetings, priority items raised in the school condition surveys and those items recommended as a priority by Housing Property Services.	1,136,000	1,992,750	
Portsmouth College - Sufficiency Post-16	In partnership with the Mary Rose School, Portsmouth City Council is to provide a purpose built space for a minimum of 10 Learners with Physical disabilities and / or severe learning difficulties at Portsmouth College. This project will address the demand for places within the City; improve the Local Offer to parents and carers, and reduce the number of costly out of city placements.	240,000	600,000	
Housing				
Support for Vulnerable Persons	Delivery of adaptations and home safety measures to enable residents to maintain their independence and live safely in their own homes. As part of the Housing Investment Programme, this service improves the quality of life for vulnerable residents.	400,000	1,970,070	
Resources				
Commercial Letting of Brunel Wing	To separate the Brunel Wing from rest of Civic offices and make it autonomous, to enable the Brunel Wing to be let on commercial basis.	600,000	600,000	(820,000)
Call Recording System	To replace the existing call recording system (which is now unsupportable and causing significant operational issues) to enable current levels of customer service to continue to be provided to those who make payments by telephone and to ensure that this method of payment meets current legislative requirements.	90,000	90,000	8,000
Landlord Maintenance - New Generator	The current 1970s small generator is inadequate and unable to maintain the Council's IT Data Centre and CCTV / Traffic control systems and telephones, in the event of a power failure. The advice of the Civil Emergency Team is to install a new generator to ensure safe operation of the Council's key services in the event of a civil emergency involving a power outage.	145,000	145,000	

NEW SCHEMES STARTING IN 2014/15

CAPITAL PROGRAMME

Description of Scheme	Scheme Details	Corporate Financing Requirement	Scheme Cost	On-going Revenue Cost / (Saving)
Landlord Maintenance - Civic Duct Works	The proposal is to clean ductwork, realign dampers and reconfigure ducts within the Civic Offices as the build up of dirt can affect the performance of the Heat & Ventilation system and clog mechanisms and heat exchangers.	90,000	90,000	
Working Anywhere	To equip PCC in the medium term with the ICT infrastructure and tools required for staff to be relocated from the Brunel Wing, and for staff to be enabled to work flexibly. This is a pre-requisite to enable the appropriation of the Brunel Wing to the Housing Revenue Account and its subsequent letting for rental income.	980,000	980,000	150,000
World War II Memorial	Phase 2 of the project to install name plaques on the Guildhall Square War Memorial	27,000	97,000	
PSN CoCo Compliance	In order to maintain connection to secure government systems including access to Benefits data from the DWP, PCC is required to implement a rigid series of controls as stipulated by the Public Sector Network (PSN) Authority, a department within the Cabinet Office. Funding is required in order to procure and implement suitable solutions, in order to maintain connection to Government systems. The Cabinet Office's Compliance rules have recently been revised and tightened and are effective immediately. This is a statutory requirement and PCC has no other way of obtaining the business critical data and information that is required from these Government Departments.	192,000	192,000	65,000
Traffic & Transportation				
LTP 3	The Local Transport Plan (LTP) is used to fulfil statutory responsibilities and smaller environmental schemes around the City.	450,000	450,000	
The Hard Public Transport Interchange	The scheme involves replacing the existing bus interchange and improving the public realm to provide a safe, attractive and efficient environment for public transport users, pedestrians, and cyclists. Evidence from developers and the business community indicate that a high quality environment is needed to unlock development at opportune sites as identified in the Hard Supplementary Planning Document (SPD).	2,000,000	7,125,000	

NEW SCHEMES STARTING IN 2014/15

CAPITAL PROGRAMME

Description of Scheme	Scheme Details	Corporate Financing Requirement	Scheme Cost	On-going Revenue Cost / (Saving)
PRED				
Dunsbury Hill Farm - Access Road	Construction of Access Road in order to open up the site for development and a source of future rental income for the Council.	400,000	9,690,000	
City Deal	A negotiation with Government to provide funding or allow additional business rates to be retained by the council to support infrastructure investment which will enable sites to be developed in and around Tipner & Port Solent. This has the potential to lever in a total investment of between £600m to £700m.	2,200,000	2,200,000	
City Centre Road Upgrade	Redesign of the Road Network at the entrance to the City. The proposed Northern Quarter City Centre development will require enhanced road capacity and changes to the current road layout and junctions to minimise traffic congestion and is necessary to enable the planned £250m City Centre development to proceed.	3,425,000	16,000,000	
Total of New Schemes Starting in 2014/15		12,375,000	42,221,820	(597,000)

PRUDENTIAL INDICATORS

Capital Expenditure							
	2012/13 Actual £000	2013/14 Estimate £000	2014/15 Estimate £000	2015/16 Estimate £000	2016/17 Estimate £000	2017/18 Estimate £000	2018/19 Estimate £000
Children & Education	7,640	13,937	9,422	-	-	-	-
Culture & Leisure	985	2,390	4,343	775	-	-	-
Environment & Community Safety	254	997	13,192	12,340	22,340	14,000	200
Health & Social Care (Adults Services)	438	1,963	3,775	2,868	165	-	-
Planning, Regeneration & Economic Development	381	1,703	23,214	22,545	29,962	50,293	2,810
Commercial Port	4,780	1,777	3,956	-	-	-	-
Resources	5,256	5,083	5,087	2,066	250	-	-
Traffic & transportation	14,869	35,675	13,991	12,225	2,689	2,449	3,435
Millennium	344	23	-	-	-	-	-
Licensing Committee	-	-	-	-	-	-	-
Housing General Fund	1,836	3,900	13,200	4,706	3,064	2,914	2,968
Non HRA	36,783	67,402	90,180	57,525	58,470	69,656	9,413
HRA	18,559	34,723	34,510	26,763	26,367	29,787	29,787
Total	55,342	102,125	124,690	84,288	84,837	99,443	39,200

Ratio of financing costs to net revenue stream *							
	2012/13 Actual	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate
Non - HRA	12.0%	12.8%	12.8%	13.0%	13.1%	12.1%	10.3%
HRA	14.1%	12.4%	12.4%	11.7%	11.3%	10.8%	10.3%

Capital Financing Requirement							
	2012/13 Actual £000	2013/14 Estimate £000	2014/15 Estimate £000	2015/16 Estimate £000	2016/17 Estimate £000	2017/18 Estimate £000	2018/19 Estimate £000
Non - HRA	278,198	271,272	247,846	249,625	238,176	239,685	231,285
HRA	142,010	145,205	166,785	168,638	168,082	165,128	162,174

HRA Limit on Indebtedness							
	2012/13 Actual £000	2013/14 Estimate £000	2014/15 Estimate £000	2015/16 Estimate £000	2016/17 Estimate £000	2017/18 Estimate £000	2018/19 Estimate £000
HRA	181,701	181,701	181,701	181,701	181,701	181,701	181,701

Authorised Limit for External debt							
	2012/13 Actual £000	2013/14 Estimate £000	2014/15 Estimate £000	2015/16 Estimate £000	2016/17 Estimate £000	2017/18 Estimate £000	2018/19 Estimate £000
Borrowing	379,615	426,372	424,511	418,932	417,799	415,278	408,566
Other Long Term Liabilities (ie Credit Arrangements)	88,720	87,148	86,095	84,389	81,297	77,463	77,463
Total	468,335	513,521	510,607	503,321	499,096	492,741	486,029

Operational boundary for external debt							
	2012/13 Actual £000	2013/14 Estimate £000	2014/15 Estimate £000	2015/16 Estimate £000	2016/17 Estimate £000	2017/18 Estimate £000	2018/19 Estimate £000
Borrowing	358,173	361,501	359,203	353,178	351,211	348,602	341,417
Other Long Term Liabilities (ie Credit Arrangements)	88,720	87,148	86,095	84,389	81,297	77,463	77,463
Total	446,893	448,649	445,298	437,566	432,508	426,065	418,880

Incremental impact of capital investment decisions on the council tax **							
	2014/15 Estimate £000	2015/16 Estimate £000	2016/17 Estimate £000	2017/18 Estimate £000	2018/19 Estimate £000		
Revenue effect of existing capital programme	402	789	1,209	1,298	1,431		
Revenue effect of proposed capital programme	482	904	1,322	1,406	1,537		
Increase in revenue effect	80	114	112	108	107		
Increase in Council Tax Band D	£1.59	£2.26	£2.22	£2.14	£2.12		

Incremental impact of capital investment decisions on the housing rents					
	2014/15 Estimate £000	2015/16 Estimate £000	2016/17 Estimate £000	2017/18 Estimate £000	2018/19 Estimate £000
Revenue effect of existing capital programme	32,744	25,491	25,674	29,285	31,010
Revenue effect of proposed capital programme	38,575	23,955	25,419	28,515	28,391
Increase in revenue effect	5,831	(1,536)	(255)	(770)	(2,619)
Effect on average weekly rent	£7.40	(£1.94)	(£0.32)	(£0.98)	(£3.33)

* The ratio of non - HRA financing costs to net revenue stream has been calculated on the basis of the estimated net revenue stream contained in the 2013/14 original revenue budget.

** The incremental impact of capital investment decisions on the Council Tax has been calculated on the basis of the estimated tax base contained in the original revenue budget.

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Agenda item:

Decision maker: Cabinet
City Council

Subject: Portsmouth City Council Revenue Budget 2014/15 -
Savings and Council Tax Proposals

Date of decision: 11 November 2013 (Cabinet)
12 November 2013 (City Council)

Report by: Head of Finance & Section 151 Officer

Wards affected: All

Key decision: Yes

Budget & policy framework decision: Yes

1. Executive Summary

- 1.1 The financial picture over the next 3 years and beyond is one of increasing costs and demand for services, particularly in the essential care services, at the same time as experiencing unprecedented reductions in funding. In this context budgets for the coming and future years will be extremely challenging for the City Council as it seeks to continue to drive economic regeneration and protect core services, including services to the vulnerable.
- 1.2 Economic conditions are now expected to improve slowly and steadily. Nevertheless, public sector debt will remain high (currently standing at £1.2 trillion or 76% of Gross Domestic Product) and is likely to continue to rise through to 2020. The Prime Minister has stated that growth alone will not fix the budget deficit and therefore unless there is a change in policy stance, public sector spending cuts will continue through to 2020.
- 1.3 Over the last 3 years, the City Council has experienced Government funding reductions of £35m (representing 24% of the main revenue grant). When combined with the need to meet unavoidable cost pressures, the City Council has had to make savings of £46m through efficiencies and service reductions. In context, £46m represents 18% of the Council's controllable budget.
- 1.4 Over the coming 3 year period, it is estimated that the Council will need to make a further £30m savings through efficiencies and service reductions. Over the whole 6 year period up to 2016/17, the City Council's controllable budget will have reduced by circa 30%.

- 1.5 The essential care services that are facing severe demographic pressures represent 49% of the City Council's controllable budget. Accepting that the scope for reductions in those areas will be limited, this means that the City Council is faced with a position where it not only has to meet those challenges but simultaneously find the bulk of its £30m savings from the other 51% of its controllable budget.
- 1.6 To help tackle the challenge, the Council will need a strong Medium Term Financial Strategy covering both Revenue and Capital resources. The Strategy proposed sets the overall aim as:

"In-year" expenditure matches "In-year" income over the medium term whilst continuing the drive towards the regeneration of the City and protecting the most important and valued services.

The strategy is built around:

- Protecting the baseline - avoiding additional costs or losses of income
- Increasing income
- Reducing costs
- An effective financial framework
- Strong financial resilience

- 1.7 The key strands of that strategy include:

- Reducing the City's dependency on Central Government grant
- Reducing the extent to which the population needs Council services
- Increasing the efficiency and effectiveness of the Council's activities
- Withdrawing or offering minimal provision of low impact services

- 1.8 The proposals contained within this report and the Capital Programme Report elsewhere on this Agenda seek to achieve that strategy and:

- Propose a suite of savings consistent with that strategy amounting to £10m of the £30m required over the next 3 years (2014/15 to 2016/17)
- Provide £2m to fund unavoidable cost pressures, of which £0.9m will be allocated to Adult Social Care and Children's Social Care

- Create a £200,000 Voluntary Sector Capacity & Transition Fund to enable the voluntary sector to reconfigure their service or enhance their capacity / infrastructure in order to support / provide council services
- Invest a "one-off" sum of £545,000 in spend to save proposals in order to deliver annual savings of over £1.3m per annum (or £3.9m over 3 years)
- Rather than reduce services further, raise £1.3m in additional Council Tax by increasing the Council Tax by 1.95% (or 34 pence per week for the average household) and by withdrawing the 10% discount for second homes
- Allocate the bulk of the Council's capital resources available towards regeneration schemes that have the potential to have a large scale transformational effect which, if successful, would see the investment of over £1 billion into the City

1.9 Complementing the proposals are recommendations to provide Services with much greater financial autonomy than they have at present. This is intended to remove financial barriers to the delivery of savings and promote medium term financial and service planning. It involves the retention by Services, by right, of any year-end underspends but also the primary responsibility to fund and manage any overspendings, cost pressures or contingent items.

1.10 Finally, the proposals within this report will maintain the Council's financial health and resilience and therefore its ability to respond in a measured and proportionate way to any "financial shocks" by having adequate reserves and contingencies available for a Council of this size and risk profile.

1.11 The Budget 2014/15 will be presented to the City Council for approval on the 11th February 2014 and will be prepared on the basis of the proposals for savings, budget pressures, Council Tax and releases from the MTRS Reserve as set out in this report. That report will also include a comprehensive revision of the Council's future forecasts and set the consequent future savings requirements for the period 2015/16 to 2017/18.

2 Purpose of Report

2.1 The report describes the challenging financial climate facing the City Council for 2014/15 and beyond and therefore the likely implications for Council services in general to businesses and residents. It sets out an outline strategy for achieving the necessary savings which seeks to continue to drive the regeneration of the City whilst protecting the most important and valued services.

2.2 In setting an outline strategy, the report highlights the level of savings required over the next 3 years informed by the latest financial forecast (a full revision of the financial forecast will be reported at the February Budget meeting following

the notification of the Local Government Finance Settlement and latest estimates of Council Tax income and Business Rate income).

2.3 The report also seeks early approval of a number of savings proposals to provide greater opportunity for any necessary consultation, notice and other lead-in times to take place prior to implementation. Associated with the delivery of these savings, and the Financial Strategy itself, are a number of proposals for “up front, one-off” funding for which approval is requested to be funded from the MTRS Reserve.

2.4 In particular, this report explains:

- (a) In broad terms the challenge for the City in the current economic climate
- (b) The general financial constraints on the City Council both currently and in future years
- (c) The features of a strong Financial Strategy and how the proposals contained within this report for savings and budget pressures meet that strategy
- (d) In overall terms the aims of the Administration’s Revenue Budget proposals for savings and budget pressures, Council Tax proposals and Capital Investment proposals given the current and future challenges facing the City
- (e) Key assumptions built into the City Council’s forecasts for 2014/15 which include:
 - i. Revenue Support Grant
 - ii. Other Non-ringfenced grants
 - iii. Business Rates
 - iv. Council Tax yield
- (f) In overall terms the Administration’s proposed Revenue Budget Savings Requirement for 2014/15 and the consequential impact of this on future years savings requirements
- (g) A schedule of savings that are proposed at this early stage in order that any necessary consultation, notice periods or other lead times can commence
- (h) Proposals for Budget Pressures to be added to Portfolio Cash Limits to meet unavoidable cost increases that are unable to be contained within existing budgets
- (i) The spend to save investment required in order to deliver some of the proposed on-going savings / avoidance of future costs
- (j) The key assumptions built into the future years forecasts beyond 2014/15

- (k) The proposed financial framework for 2013/14 and future years aimed at providing the maximum incentive for responsible spending and strong medium term financial planning

3 Recommendations

3.1 That the following be approved:

- (a) The outline Medium Term Financial Strategy set out in Appendix A
- (b) The Budget Savings Requirement for 2014/15 be set at £10m which takes account of any part year effects associated with consultation periods, notice periods and other necessary lead-in times.
- (c) The savings proposals amounting to £9.860m for 2014/15, £10.998m for 2015/16 and £11.852m in 2016/17 as set out in Appendix B to enable appropriate consultation and notice periods to be given to affected parties
- (d) Savings proposals to reduce Members Allowances at Appendix B (saving number 110 and 111). In considering these proposals, Members are advised to remind themselves of the recommendations that the Independent Remuneration Panel made to the City Council on 22 January 2013 as follows:
www.portsmouth.gov.uk/media/gas20130116r3app1IRPreport.pdf
- (e) That in response to any consultation, the relevant Portfolio Holder may alter, amend or substitute any savings proposal(s) set out in Appendix B with alternative proposal(s) amounting to the same value within their Portfolio
- (f) Managers be authorised to commence any necessary consultation process or notice process related to the savings proposals set out in Appendix B.
- (g) The recommended budget pressures for 2014/15 and their on-going effect in 2015/16 and 2016/17 as set out in Appendix C
- (h) If, for any reason, any of the budget pressures detailed in Appendix C do not proceed, or underspend, the sum involved will revert to revenue balances
- (i) Subject to any significant constraints, legal or otherwise, the Administration has a desire to implement the Living Wage across the Council and requests that the Employment Committee consider the implications of its implementation
- (j) Members note that the MTRS Reserve held to fund the upfront costs associated with Spend to Save Schemes, Invest to Save Schemes and redundancies holds a relatively modest uncommitted balance of £2.4m

and will only be replenished from an approval to the transfer of any non Portfolio underspends at year end into this reserve

- (k) That £200,000 be released from the MTRS Reserve to create a Voluntary Sector Capacity & Transition Fund to enable the voluntary sector to reconfigure their service or enhance their capacity / infrastructure in order to support / provide council services as set out in paragraph 8.22
- (l) That £545,000 be released from the MTRS Reserve over a 3 year period to generate savings and additional income totalling over £1.3m per annum (or £3.9m over 3 years) as set out in paragraphs 8.23 to 8.26
- (m) That the funds released under recommendations k) and l) be used flexibly across the 2013/14 and future financial years and that the S151 Officer be given delegated authority to determine the annual allocations as necessary
- (n) That the Council's Budget for 2014/15 be prepared on the basis of an increase in the basic amount of Council Tax of 1.95% from the basic amount of Council Tax for 2013/14 (or 34 pence per week for the average household in Portsmouth)
- (o) That the Council Tax Discount for Second Homes of 10% be reduced to 0% and the Head of the Revenues and Benefits Service be given authority to amend the Policy for Second Homes, Long Term Empty Properties and Determining Discounts for Certain Dwellings accordingly, with effect from 1st April 2014
- (p) The Council's Budget Guidelines and Financial Rules be updated to include the following:
 - Each Portfolio to retain 100% of any year-end underspending and to be held in an earmarked reserve for the relevant Portfolio
 - The Portfolio Holder be responsible for approving any releases from their earmarked reserve in consultation with the Head of Finance & S151 Officer
 - That any retained underspend (held in an earmarked reserve) be used in the first instance to cover the following for the relevant Portfolio:
 - i. Any overspendings at the year-end
 - ii. Any one-off Budget Pressures experienced by a Portfolio
 - iii. Any on-going Budget Pressures experienced by a Portfolio whilst actions are formulated to permanently mitigate or manage the implications of such on-going budget pressures
 - iv. Any items of a contingent nature that would historically have been funded from the Council's corporate contingency provision

- v. Spend to Save schemes, unless they are of a scale that is unaffordable by the earmarked reserve (albeit that the earmarked reserve may be used to make a contribution)
 - Once there is confidence that the instances in i) to v) above can be satisfied, the earmarked reserve may be used for any other development or initiative
- (q) That the Council's Financial Rules (within the constitution), be amended to include the resolution of Council in February 2013 to give delegated authority to the Cabinet to make releases from the MTRS Reserve for Spend to Save or Spend to Avoid cost schemes only (both Revenue & Capital) and that any such scheme must meet the financial savings criteria determined by the Council's S151 Officer. As a minimum, those criteria must include the payback of any investment within a period not exceeding 4 years

4 Economic & Financial Context

- 4.1 The global economic downturn over the past 4 years has had a significant effect on overall employment levels, disposable incomes and economic prosperity generally. As a consequence, public finances nationally have experienced a rise in the overall welfare bill at the same time as reduced tax revenues. Since 2008, this has led to the overall national debt position to rise from £0.53 trillion to £1.2 trillion or 76% of Gross Domestic Product (GDP - a measure of the overall output of the economy) compared with around 40% of GDP in 2008.
- 4.2 Part of the response from Central Government has been to reduce spending (and funding) across the public sector. Over the past 3 years (since 2011/12), Central Government funding to Portsmouth City Council has reduced by over £35m. Taken together with other financial pressures that have been experienced by the City Council (mainly relating to inflation, the effects of an ageing population on Council provided care services and the increased requirements for the safeguarding of vulnerable children), the City Council has had to make overall savings over the same period of over £46m. In context, this represents some 18% of the Councils controllable spending.
- 4.3 The national economic climate has been improving slowly over the past 12 months and whilst the most recent quarterly economic growth figures are comparatively strong versus the rest of the G7 nations (G7 are the largest 7 economies of the world), that growth is from a very low base and unlike many of the G7 nations, the UK economy has yet to recover to the level of economic output experienced pre "credit crunch", being 2.5% below its previous peak.
- 4.4 Most commentators now expect there to be a steady but sustained recovery. Whilst business confidence is growing and employment is increasing, there remains significant spare capacity within the economy. This coupled with the fact that inflation is rising faster than wages plus the continued squeeze on

government spending, suggests that the pace of economic growth will remain steady.

- 4.5 Despite the improving economic conditions, public sector debt remains high and recent Government announcements indicate continued spending cuts. Most recently, Government have announced their aspiration to turn the current annual budget deficit into surplus by 2020 and then start to pay down the national debt. The Prime Minister has stated that growth alone will not fix the budget deficit. Spending cuts can therefore be expected to continue through to 2020.
- 4.6 Looking forward, the Council's current forecasts which run to 2016/17 indicate an overall savings requirement of £30m over the forthcoming 3 year period 2014/15 to 2016/17. This will mean that over the period of the austerity programme, funding from Government will have reduced by some 44%.

5 Local Government Funding Outlook - 2014/15 and Beyond

Local Government Finance Settlement

- 5.1 The Local Government Finance Settlement is the term used to describe the main non-ringfenced Revenue and Capital grant funding allocations from Government.
- 5.2 As part of the Local Government Financial Settlement for 2013/14, Government provided Local Authorities with an indicative settlement for 2014/15. That indicative settlement does not include all elements of funding but does cover the main Revenue Support Grant plus their estimate of the Business Rates to be retained by the Council (currently £106.1m in 2013/14). The indicative settlement for 2014/15 amounts to £96.3m representing a 9.2% reduction in cash terms. At this stage it is anticipated that the indicative settlement will remain broadly intact although, as with the previous settlement, it is always possible that some of the non-ringfenced funding sources could become ring-fenced which could have a negative budget impact on the Council.
- 5.3 The most recent information surrounding future Local Government funding of any detail emerged from the Comprehensive Spending Review 13 (CSR13) at the end of June. The Comprehensive Spending Review sets out the overall envelope for public sector spending. CSR 13 set out the Government's spending plans for 2015/16 only.
- 5.4 The headlines from CSR 13 were:
 - Local Government funding would be further reduced by 10% compared with 2014/15 (the subsequent consultation document recently released however, indicates that the reduction is more likely to be 15%)
 - There would be a £3.8bn Integration Transformation Fund made available nationally to be deployed on Health and Social Care through pooled

budget arrangements with Clinical Commissioning Groups. Subsequent announcements have now made it clear that this is not new money and is broken down as follows:

- £1.9bn of NHS Funding
- £1.1bn being the existing funding transferred from Health to Social Care (for Portsmouth City Council, this currently amounts to £3.2m and is built into Adult Social Care budgets)
- £300m Clinical Commissioning Group reablement funding
- £130m Carers' Breaks funding
- £354m capital funding (including £220m of Disabled Facilities Grant - Portsmouth City Council currently receives £634,000 which forms part of the annual Corporate Capital Resources available)

It will be for Local Authorities to agree with their Health partners how this money is spent to "support adult social care services, which also has a health benefit". This activity is on-going in Portsmouth.

- The New Homes Bonus (currently amounting to £2.0m for Portsmouth) will be topsliced and re-directed to Local Enterprise Partnerships (LEP's)
- The maximum Council Tax increase that a Council can make without a referendum will be 2%

Council Tax

- 5.5 CSR 13 also announced that a Council Tax Freeze Grant will be made available to those Local Authorities that do not increase their Council Tax in 2014/15 or 2015/16. The Council Tax Freeze Grant will amount to the equivalent of a 1% increase in Council Tax but will only be guaranteed for 2014/15 and 2015/16 and is then likely to be withdrawn. Alternatively, Councils have the option to increase Council Tax up to 2% and, importantly, that income will then form a permanent part of the overall tax yield in perpetuity.

Business Rates

- 5.6 In the current year 2013/14, the Formula Grant system changed. The "old" Formula Grant was used as a basis to determine what is termed the "Start Up Funding Assessment". This, in effect, became the estimate of funding to be provided to Local Authorities via both Revenue Support Grant (RSG) and Business Rates. In broad terms, the split between RSG and Business Rates was 56% / 44% in favour of RSG. RSG is the grant from Government that is subject to on-going reductions. Business Rates will be subject to change and influenced by the extent to which Business Rates income grows or contracts. Whilst this presents an opportunity for Local Authorities with strong business

growth potential, it also presents risks for Authorities whose business rates base is in decline or subject to “shocks” such as closure (or relocation) of major businesses in an area.

5.7 The new system is complex but some of the other key features are highlighted below:

- For business the NDR system will remain the same. Local Authorities will not have control over how the level of tax is determined for ratepayers
- If the business rate taxbase grows the City Council will be rewarded with increased funding, but if it declines Council funding will reduce
- It is estimated that a 1% change in Business Rates will result in circa £400,000 change in funding
- Local Authorities that have very significant business rate growth will pay a levy
- A safety net payment will come into effect if an Authority’s income falls by more than 7.5% of the original baseline funding level.

5.8 Current estimates of the City Council's share (i.e.49%) of total Business Rates collected for 2013/14 is £42.6m. For 2014/15, the Council's current estimate assumes no real growth but an inflationary uplift of 3%. Any change to the estimated Business Rate income for the current and future years will be reflected in the comprehensive revision to the Council’s overall financial forecasts in February 2014 and any consequent implications will be reflected in the Savings Requirements for future years.

5.9 In this context, economic growth and job creation in the city are essential. The City Council has a key role in regenerating the city, working with partners to grow the local and sub-regional economy. This will be a particular challenge to the City Council in the coming Budget, savings proposals will need to consider how best to assist the economic recovery at a time when the Council’s own funding is being cut and demand for essential services at an acceptable standard is likely to increase (see demographic changes at Section 6 below).

5.10 In summary, for 2014/15, the Council is anticipating a total reduction in revenue funding from Government (including all elements of the Local Government Finance Settlement and their estimate of Business Rates retained) of £11.1m whilst the 2% increase in Council Tax amounts to just £1.2m. Similarly for 2015/16, and based on a 15% reduction in Local Government funding, the reduction in revenue funding will amount to a further £16.0m set against an assumed 2% increase in Council Tax of £1.2m.

5.11 Beyond 2015/16, the level of funding for the Council is more uncertain. What is known is that funding from Government will continue to decrease, most likely at

a rate much higher than any compensating increases in Council Tax and Business Rates.

6 City Council Expenditure Outlook - 2014/15 & beyond

Demographic Changes

- 6.1 Demographic changes are likely to generate the largest cost pressures facing the City Council going forward. Nationally, it has been said that the ageing population will cause at least as much pressure on budgets as the austerity programme currently in place. In Portsmouth the Office for National Statistics have forecast that the number of people aged 80+ in Portsmouth will increase by 15% between 2011 and 2021. Equally the population aged 0-19 is also forecast to increase by 2% but with a much higher increase for those aged 5-14. As well as pressure caused by an ageing population there is also pressure caused by a "living longer" population. More people are coming through the transition into adult care from children's care with profound physical or learning disabilities who previously would not have survived their childhoods due to the nature of their illnesses and disabilities. These cases tend to be at the higher end of the care spectrum and can cost significant amounts of money for each individual. Clearly, with advances in medical care this will go on rising. The outlook therefore for the Council's essential care services is one of significantly increasing costs.

Government Policy Changes / Expectations

- 6.2 Reforms to the welfare system are likely to result in additional demands on the Council's housing and essential care services.
- 6.3 Equally, such changes could also reduce the income which the Council can charge for providing those services. The cumulative impact of the reforms where separate benefits convert to the Universal Credit coupled with the change from Disability Living Allowance to Personal Independence Payments is likely to reduce social care clients' disposable income and therefore the amount they can afford to pay for their care.
- 6.4 The Government funding proposals for Care & Support Funding Reform (Dilnot) remain unclear and could lead to additional costs falling upon the Council. The Government have announced their intention from April 2016 to cap the amount that clients will need to pay towards their care. Simultaneously, Government also intend to raise the means testing threshold at which clients become eligible for financial support from the Local Authority towards their care. If unfunded, early estimates suggest the combined financial impact of this could amount to in excess of £3m for the City Council.

- 6.5 The changes arising in respect of the Fair Funding Reform and new Special Educational Needs (SEN) legislation (including post-16 responsibilities) are placing additional responsibilities on the Local Authority to support young people up to the age of 25. This will include additional responsibilities for procuring Further Education placements, placing pupils in educational establishments, negotiating support packages and providing the required funding support. In addition, the proposed introduction of the new Education, Health and Care Plans will also increase in the number of pupils with SEN that will be required to be funded. These additional burdens are estimated to cost in the region of £0.5m per annum.
- 6.6 The Government's programme of Raising the Participation Age (RPA) places a duty on Local Authorities to ensure adequate provision / promotion of training and educational opportunities for resident 16-18 years old. In addition, the new OFSTED inspection frameworks in respect of both the Education and Social Care services are placing additional expectations and workload requirements on the Council. The combined effect of this is expected to cost in the region of £0.4m per annum.

Inflation

- 6.7 In overall terms, the cost of inflation has been relatively modest at £6.9m for the past 3 year period. This however, has been held down largely due to the pay freeze that has been experienced by the Council for the 3 year period up to and including 2012/13. For the next 3 year period, it is expected that inflationary costs will rise to £12.5m as pay increases return and the Consumer Price Index (CPI) stays in the 2.3% - 2.9% range.

Interest Rates

- 6.8 Interest rates for investments are expected to be relatively stable and low until the final quarter of 2015/16, after which they are expected to rise steadily. This will have a modest but positive influence on the Council's overall financial position. At present a 0.25% increase in investment rates in 2016/17 is anticipated, which might yield an additional £0.4m.
- 6.9 Borrowing rates however are likely to be more volatile over the next 3 years but generally on an upward trend. The Council is not expecting to need to undertake any additional borrowing over that period.

7 Outline Financial Strategy - 2014/15 & beyond

- 7.1 In overall terms, the financial picture over the next 3 years and beyond is one of increasing costs and demand for services, particularly in social care, at the same time as experiencing unprecedented reductions in funding. Taking all of the cost and funding implications into account, it is estimated that the Council will need to make £30m of savings over the next 3 years.
- 7.2 Considering also that those essential care services consume 49% of the Council's controllable budget and they will be experiencing increases in demand, the Council is faced with a position where it not only has to meet those costs, or at the very least manage the demand for those services, but simultaneously find the bulk of its £30m savings from within only 51% of its controllable budget.
- 7.3 The Council will need a strong medium term Financial Strategy in order to respond to these very challenging financial circumstances. For the Council to continue have the financial resource and capacity to be a major influencing force in social and economic policy in the City, it may need to become more entrepreneurial and, as a consequence, increase its risk appetite across some of its activities.
- 7.4 An Outline Financial Strategy is set out in Appendix A and is recommended for approval by the City Council. The Strategy sets the overall aim as:

"In-year" expenditure matches "In-year" income over the medium term whilst continuing the drive towards the regeneration of the City and protecting the most important and valued services.

- 7.5 As reflected in Appendix A, a strong Financial Strategy will need to utilise both Revenue and Capital resources to achieve the following pre-requisites to its success:
- Protecting the baseline - avoiding additional costs or losses of income
 - Increase income
 - Reduce costs
 - Effective financial framework - a suite of Financial Rules which remove financial barriers to the delivery of savings and promote medium term financial and service planning
 - Strong financial resilience - adequate levels of contingency and reserves to be able to respond to "financial shocks" such as sudden and unexpected cost increases, income losses or funding reductions without drastic consequences for service delivery

7.6 In summary, the Outline Financial Strategy set out in Appendix A is built around the themes set out above, using both Revenue & Capital resources, and includes the following key strands:

- Reduce the City's dependency on central government grant - both the dependency of the population and of the Council.
- Reduce the extent to which the population needs Council services - by intervening earlier to avoid higher costs later (examples include investment in the pre-birth to 5 year olds, preventative rather than reactive investment etc.¹)
- Increase the efficiency and effectiveness of the Council's activity - this has saved the Council circa £30m cumulatively over the last 4 years and there remains scope for further improvement, albeit this may require investment to achieve the further savings.
- Withdraw or offer minimal provision of low impact services - it is important to protect and maintain the availability of the services people value and need the most, but as the cuts mount up the Council will not continue to provide all current services

7.7 The Strategy has a strong regeneration focus with a presumption that Capital investment will be targeted towards economic growth. This is to improve the prosperity of the City through employment as an objective in itself but also because this will reduce the demand for Council services generally. The strategy is therefore consistent with the 'Shaping the future of Portsmouth' (adopted by the City Council in 2010) which articulates the vision for the City to become a globally competitive economy supporting local economic growth, innovation and enterprise. This strategy has been adopted by business leaders across the City and is in the process of being delivered in partnership with the Shaping Portsmouth Partnership. Overall, the implementation of this strategy could see an additional 11,500 new jobs created over the next 10 years. The aim of the strategy is to ensure local people are able to get those jobs and benefit from the regeneration programme.

¹ The Heckman equation - the rate of return on investment declines as children get older Heckman and Masterov, 2007

8 Budget Proposals for 2014/15 to 2016/17

Savings Requirement for 2014/15

- 8.1 The last comprehensive review of the City Council's 3 Year Financial Forecast was reported in the Annual Budget Report in February 2013. This set out the City Council's underlying budget deficit and consequent forecast Budget Savings Requirement for the next 3 years as follows:

	Underlying Budget Deficit	Annual Budget Savings Requirement	Total Savings Requirement
	£m	£m	£m
2014/15	4.2	8.0	8.0
2015/16	13.4	8.0	16.0
2016/17	23.6	8.0	24.0

- 8.2 Since that time, and on the basis of a 10% reduction in funding from Government as first announced in CSR 13, the estimate of the savings requirements over the next 3 years has increased to £30m. The Administration have been planning their budget proposals on that basis and the Council has run a public consultation process on the assumption of a £30m savings requirement over the next 3 years.
- 8.3 Whilst the Council is aware of a number of potential changes to the assumptions underpinning these forecasts, there will remain significant uncertainty until the announcement of the Local Government Finance Settlement in mid to late December. Coupled also with necessary revisions to the estimates of Council Tax and Business Rates income which will not take place until early January 2014, this means that a comprehensive revision at this stage would be premature and subject to significant uncertainty.
- 8.4 The Head of Finance & S151 Officer advises that it is likely that the overall financial forecasts will worsen and that the savings requirements for the next 3 years will increase beyond the £30m assumed at present. Whilst the Council has sufficient General Reserves to accommodate a savings requirement of £10m for 2014/15, a savings requirement below that would not be prudent given the future uncertainties. It is recommended therefore that the savings requirement for the Budget 2014/15 be set at on-going amount of £10m which takes account of any part year effects associated with consultation and notice periods and other necessary lead-in times.

8.5 This sum has been agreed with the Administration after considering the following:

- The general financial climate facing the Council both next year and in future years
- The extent to which savings can be delivered whilst still maintaining essential key services
- The confidence level in delivering proposed savings
- The time taken to consult, give notice and provide for any other necessary lead-in times and the extent to which that will lead to full or part year savings.

8.6 In order to mitigate against adverse movements in the Council's forecasts, sums were also included for Budget Pressures amounting to £2m. This sum is available to set against unavoidable cost increases or, to the extent that it is not allocated, to offset the £10m savings requirement. This is addressed at paragraph 8.16 below.

Council Tax Proposals

8.7 Portsmouth City Council is a low taxing Authority. The Council currently receives approximately £5.5m per annum less in Council Tax than the average Unitary Authority within its statistical neighbour group.

8.8 Council Tax income can be increased or reduced by making changes to either the Council Tax rate or to the discounts and exemptions that the Council has discretion over. The Administration has considered both of these options and their recommendations are described and set out below. It is important to note however, that the Council's financial forecasts and therefore its £10m savings requirement for 2014/15 is predicated on a Council Tax increase of 2%. Should the Council take any other option that yields a lesser sum, then the shortfall must be added to the £10m savings requirement.

8.9 As previously stated, the Council can choose to make no increase to the level of Council tax for 2014/15 and receive a Council Tax Freeze Grant amounting to £0.7m which will be guaranteed for 2014/15 and 2015/16 only. Alternatively, the Council could opt to increase the Council Tax by up to 2% which would yield £1.2m per annum in perpetuity. The short term and longer term financial implications of accepting the Council Tax Freeze Grant amount to a reduction in funding of the following:

- 2014/15 - £0.5m
- 2015/16 - £1.0m
- 2016/17 and future years - £2.4m per annum

After careful consideration, the Administration have accepted that the £2.4m of reduced funding in the longer term will have a serious detrimental impact on Council services, especially care services, and that this is not consistent with their obligations to make adequate arrangements for the provision of their

statutory responsibilities. The Administration proposes therefore that the basic rate of Council Tax is increased by 1.95% for 2014/15. This represents an increase of 34 pence per week for the average taxpayer in Portsmouth (i.e. Band B).

- 8.10 The Administration have also reviewed the current scheme for Council Tax and those areas where there is local discretion to make amendments. Council Tax Discount on Second Homes is one such area. Due to the need to protect the overall level of Council Tax income to protect essential services, and the fact that the funding for the Council Tax Support scheme is falling in line with the general reduction in Government funding, the Administration propose to remove the discount for second homes as a means to offset the general reduction in government funding.
- 8.11 The financial impact of the proposal to withdraw the 10% discount for second homes is estimated to be in the region of £100,000. This will be taken into account in the overall estimate of the Taxbase for 2014/15 (i.e. the overall estimate of the number of Band D equivalent taxpayers) alongside any other changes arising for example from changes in the number of properties or households entitled to discounts and exemptions. The Taxbase will be considered by Cabinet in January 2014.

Budget Savings Proposals 2014/15

- 8.12 The Administration's budget savings proposals are centred around the Outline Medium Term Financial Strategy previously described and are attached at Appendix B. The proposals have also been made with due regard to the city-wide budget consultation that took place during September and October with the public and staff as described in paragraph 12.2.
- 8.13 To mitigate against the uncertainty presented by the Local Government Finance Settlement as well as the general expectation that the Council's savings requirements are likely to increase beyond the currently forecast £30m for the period 2014/15 to 2016/17, it would be prudent and financially responsible for the Council to seek to implement its 2014/15 savings as early as possible. From the perspective of service delivery, giving partners and residents significant advance notice of the changes to come into effect from next April will assist them to plan for change accordingly.
- 8.14 As mentioned previously, a crucial part of a prudent financial strategy is to maintain strong financial resilience. That means maintaining adequate levels of reserves to be able to respond to "financial shocks" or having reserves available to help implement savings in a planned and managed way. The early (or timely) implementation of savings proposals ensures that those reserves remain intact and are available for such purposes.
- 8.15 In order for the City Council to be able to implement the Savings Requirement in good time to maintain that strong financial health and resilience, a number of savings proposals require that consultation take place and notice periods be

given. Attached at Appendix B are savings proposals that are recommended to the Council for approval. For those proposals that require consultation, the actual method of implementation or their distributional effect will not be determined until the results of consultation have been fully considered. Following consultation, the relevant Portfolio Holder may alter, amend or substitute any savings proposal(s) set out in Appendix B with alternative proposal(s) amounting to the same value.

Budget Pressures Proposals 2014/15

- 8.16 Contained within the City Council's forecast Budget for 2014/15 was a provision for Budget Pressures of £2.0m. This was intended to cover some specific demographic pressures that were anticipated but also the "unknown unknowns". This provision was taken into account in deriving the overall £10m savings requirement and therefore, if not utilised completely, is available to count towards the savings requirement, or if exceeded, would add to the savings requirement.
- 8.17 The Administration has paid careful attention to the Budget Pressures facing services, the impact of rejecting those Budget Pressures and any mitigating action that might be taken to minimise that impact. In particular, they have chosen to award Budget Pressures amounting to £0.9m to Adults Social Care and Children's Social Care. The total proposed Budget Pressures amounting to £1.86m to be added to Service Cash Limits are set out in Appendix C.
- 8.18 Subject to any significant constraints, legal or otherwise, the Administration has a desire to implement the Living Wage across the Council. Initial estimates indicate that for non-school based staff, the additional costs falling to the Council would be in the region of £27,000p.a.. For schools, the costs are estimated to amount to £450,000p.a.. It is the remit of the Employment Committee to consider, and subject to sufficient budget provision being available, approve the implementation of the Living Wage. The Administration therefore recommends that the Employment Committee consider the implications of implementing the Living Wage across the Council. Should the initial estimate of non-school costs remain in the region of £27,000p.a., this can be funded as part of the overall inflation provision awarded to Services.

Summary of Overall Savings Proposed 2014/15

8.19 To achieve the overall savings requirement of £10m, the Administration is making the following proposals:-

Description	2014/15 £000
Proposed Savings (Appendix B)	9,860
<u>Add:</u> Existing Provision for Budget Pressures	2,000
<u>Less:</u> Proposed Budget Pressures (Appendix C)	(1,860)
Total Savings Proposed	10,000

Proposals for Funding from the Medium Term Resource Strategy Reserve

8.20 The Medium Term Resource Strategy Reserve (MTRS Reserve) is a reserve maintained by the Council for Spend to Save, Spend to Avoid Cost and Invest to Save Schemes. It is also the reserve that funds all redundancy costs arising from Budget Savings proposals. At present the reserve has an uncommitted balance of £2.4m.

8.21 In accordance with the Financial Strategy set out in Appendix A, there are a number of proposals set out below that seek to either reduce costs, avoid costs or increase income. In doing so, the proposals that follow will help to meet or manage the demand for Council services and reduce the Council's reliance on central Government funding.

8.22 It is well recognised that Voluntary Sector is an important part of delivering services to the community and that, where appropriate, this will become an increasingly used delivery model for Council services. In many instances, the Voluntary Sector is well placed to deliver services however, it is also recognised that to do this there may need to be some investment into building their capacity or to improving their infrastructure and support. Equally, there are proposals contained within Appendix B that will necessarily change the way that the Voluntary Sector provides services for the Council. It is proposed, therefore, to set up a Voluntary Sector Capacity and Transition Support fund in the sum of £200,000 to be funded from the MTRS Reserve for the purposes set out above.

8.23 Contained within the savings proposals at Appendix B are £1.25m of savings related to re-negotiating contracts (saving number 112). To achieve those savings in accordance with the Budget, the Council will need to employ additional procurement capacity to undertake the necessary evaluation and negotiations. It is proposed to release £100,000 from the MTRS Reserve for this purpose

8.24 As part of the Financial Strategy set out in Appendix A, the Council will seek to become less dependent on central Government grant. One of the routes to achieving this is to become a more entrepreneurial Council. One strategy could be to exploit commercial property acquisition opportunities with a view to generating long term rental income streams to support the delivery of Council services in the future.

Example:

A 40 year investment in a commercial property with an 8% yield would return £30,000 for every £1m invested (after all borrowing and repayment costs).

In addition, the Council would have more influence over how it shapes the local and sub-regional economy. At this stage, it is proposed to release £100,000 from the MTRS Reserve to fund any appropriate property acquisition costs. Any acquisition will only take place if the rental yield more than offsets any associated borrowing costs required for the purchase.

8.25 Another strategy to reduce dependency on Government grant is to generate additional income. It is anticipated that new income streams from advertising, selling the use of PCC assets, sales of PCC services and other sales amounting to £80,000 in 2015/16 and £110,000 per annum in future years could be achieved if the Council was willing to invest in the capacity of the New Business Team. It is proposed therefore that £60,000 per annum be released from the MTRS Reserve for a 3 year period to exploit business opportunities and generate additional external income estimated at £300,000 over the same period

8.26 Currently, the City Council provides £5m of Support Services to schools. Local Authority maintained schools and Academies are at liberty to procure those Services freely from the marketplace. In order to protect the Council's baseline financial position, and in particular to minimise the potential loss of a significant part of the £5m of Support Services income that is currently received from schools, it is proposed that the Council set up a Traded Services Unit with the primary remit of securing School related business and subsequently looking to expand its operations wider. It is recommended that £55,000 per annum for 3 years be released from the MTRS Reserve to promote, maintain and expand the provision of Support Services to schools and other bodies in order to avoid higher losses of income.

Approval of the Budget 2014/15

8.27 The Budget 2014/15 will be presented to the City Council for approval on the 11th February 2014 and will be prepared on the basis of the proposals for savings, budget pressures, Council Tax and releases from the MTRS Reserve as set out in this report. The Budget 2014/15 presented for approval will also include the outcome of the following:

- The Local Government Finance Settlement for 2014/15
- The final estimate of the Council Tax yield (based on the determination of the Council Taxbase to be approved by the Cabinet in January 2014)
- The final estimate of the Business Rate yield
- Any necessary inflationary uplifts
- Final estimates of all items outside of cash limits including capital charges, support service charges, insurance, pension costs, contingency, borrowing costs, investment income, levies and precepts
- Any necessary virements across Portfolios to reflect changes in responsibilities

9 Key Assumptions contained within the Council's Financial Forecasts 2014/15 to 2016/17

9.1 At the February Council meeting, a comprehensive revision of the Council's future forecasts will be presented. This will revise all of the key assumptions set out below as well as extending the forecast to cover an additional year (2017/18) in order to maintain a rolling 3 year plus current year financial forecast.

9.2 The City Council's forecasts for 2014/15 and future years, that are now subject to revision, currently include the following key assumptions:

- A 2.0% increase in Council Tax for 2014/15 and each year thereafter
- An underlying zero growth assumption for changes in Business Rates from 2014/15 onwards (although provision has been made for Academy conversions attracting charitable rate relief)
- Reductions in overall Formula Funding of 9.3% in 2014/15, a further 10.0% in 2015/16 and a further 6.6% in 2016/17
- As a consequence of limited land availability, that Portsmouth will, on average, be a net loser from the New Homes Bonus scheme for 2014/15 and 2015/16 equivalent to 100 properties per annum. From 2015/16 onwards (on the back of proposed new developments), that the impact will be no net gain or loss.

- That any additional cost of the localisation of support for Council Tax will be offset by further changes to the scheme in order to cap the cost at £13.2m per annum (PCC element £11.2m p.a.)
- Some provision for the potential on-going risks associated with the budget pressures within Children's and Adults' Social Care
- Some provision for the potential loss of funding from the PCT of £3.2m for integrated Health and Social Care working
- An allowance of £2m in 2014/15 and a further allowance of £1m in all future years for other general unavoidable Budget Pressures (the "unknown unknowns").
- Changes to the Port dividend for 2014/15, 2015/16, and 2016/17 to reflect current forecasts
- An assumption of a steady state for other budgets

10 Financial Framework

- 10.1 As described within Section 7, to meet the challenging financial circumstances facing the City Council, the Council will need to have in place a suite of Financial Rules which encourage responsible spending, remove financial barriers to the delivery of savings and promote medium term financial and service planning. To achieve this, it is proposed to provide Services with much greater financial autonomy than they have at present.
- 10.2 The Council's current Financial Rules and Budget Guidelines are such that any unplanned underspendings at the year-end are returned to the "Corporate Pot". In addition to this, the current financial framework operates in such a way that any unexpected costs, service imperatives or budget pressures are funded corporately from contingency or through the general budget process.
- 10.3 The combination of these features within the current financial framework encourage Services to spend the entirety of their budget within the financial year and not make financial provision (or in some circumstances Service adjustments in mitigation) for financial difficulties on the horizon.
- 10.4 The Council will need a much more flexible financial framework to encourage strong financial and service planning over the medium term if the Council is to successfully deliver the level of savings that it will be required to make in accordance with its objectives. It is proposed therefore to amend the financial framework and associated Budget Guidelines and Financial Rules as follows:
- Each Portfolio to retain 100% of any year-end underspending and it to be held in an earmarked reserve for the relevant Portfolio

- The Portfolio Holder be responsible for approving any releases from their earmarked reserve in consultation with the Head of Finance & S151 Officer
- That any retained underspend (held in an earmarked reserve) be used in the first instance to cover the following for the relevant Portfolio:
 - i. Any overspendings at the year-end
 - ii. Any one-off Budget Pressures experienced by a Portfolio
 - iii. Any on-going Budget Pressures experienced by a Portfolio whilst actions are formulated to permanently mitigate or manage the implications of such on-going budget pressures
 - iv. Any items of a contingent nature that would historically have been funded from the Council's corporate contingency provision
 - v. Spend to Save schemes, unless they are of a scale that is unaffordable by the earmarked reserve (albeit that the earmarked reserve may be used to make a contribution)

Once there is confidence that the instances in i) to v) can be satisfied, the earmarked reserve may be used for any other development or initiative

11 Conclusion

- 11.1 The financial challenge faced by the City Council is unprecedented. The simultaneous reductions in funding and increasing cost pressures, driven largely by demographic pressures in the essential care services, will require the Council to make savings / increase income in excess of £30m over the next 3 years. The proposals to Council contained within this report and the Capital Programme report elsewhere on this agenda, set out a strategy to achieve those savings whilst continuing the drive towards the regeneration of the City and protection of the most important and valuable services.
- 11.2 The Council will be better able to achieve its objectives if it employs a more flexible financial framework and maintains its financial resilience. In that context, it would be prudent and financially responsible for the Council to seek to implement its 2014/15 savings as early as possible. In terms of service delivery and planning, it is equally important to provide partners and residents significant advance notice of the changes to come into effect in order to assist them to plan for change accordingly.
- 11.3 The Budget 2014/15 will be presented to the City Council for approval on the 11th February 2014 and will be prepared on the basis of the proposals for savings, budget pressures, Council Tax and releases from the MTRS Reserve as set out in this report. That report will also include a comprehensive revision of the Council's future forecasts and set the consequent future savings requirements for the period 2015/16 to 2017/18.

12 Equality Impact Assessment (EIA)

- 12.1 The savings proposed within this report will inevitably impact on service provision. Whilst some are likely to be implemented, there will be others that require consultation and appropriate Equality Impact Assessments to be considered before any implementation can take place. For this reason, any savings proposal set out in Appendix B can be altered, amended or substituted with an alternative proposal following appropriate consultation.
- 12.2 A city-wide budget consultation took place during September and October with the public and staff. Local communities and staff were invited to give their views via all central staff channels, Flagship magazine, the council's website and at two city-wide public meetings and six neighbourhood forums. The Scrutiny Management Panel also met to consider the proposals contained within this report and have the opportunity to make their representations to the Cabinet prior to their recommendation to the City Council.

13 City Solicitor's Comments

- 13.1 The Cabinet has a legal responsibility to recommend a Budget to the Council and the Cabinet and Council have authority to approve the recommendations made in this report.

14 Head of Finance's Comments

- 14.1 All of the financial information is reflected in the body of the report and the Appendices.

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Signed by: Head of Finance & Section 151 Officer

Appendices:

- A** Outline Financial Strategy - 2014/15 & beyond
- B** Recommended Budget Savings 2014/15
- C** Recommended Budget Pressures 2014/15

Background list of documents: Section 100D of the Local Government Act 1972

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

Title of document	Location
Budget Working Papers	Office of Head of Financial Services
Local Government Finance Settlement 2012/13	Office of Head of Financial Services

The recommendation(s) set out above were approved/ approved as amended/ deferred/ rejected by the Leader of the City Council on 12 November 2013.

.....
Signed by: Leader of Portsmouth City Council

OUTLINE MEDIUM TERM FINANCIAL STRATEGY

2014/15 & BEYOND

"In-year" expenditure matches "In-year" income over the medium term whilst continuing the drive towards the regeneration of the City and protecting the most important and valued services.

OUTLINE MEDIUM TERM FINANCIAL STRATEGY - 2014/15 & BEYOND

Strategy		Protect the Baseline	Increase Income	Reduce Costs	Effective Financial Framework	Financial Resilience
Reduce the City's dependency on central government grant	Capital Investment targeted towards economic growth	✓	✓			
	Capital Investment targeted towards income generation		✓			
	Expand entrepreneurial activities such as taking a property / land developer role		✓			
	Seek out commercial property opportunities to increase the Council's property portfolio		✓			
	Increase Council Tax within the limits of the "capping" regime		✓			
	Seek to sell Council Services where the Council has spare capacity or a competitive advantage		✓			
	A general presumption that fees and charges will be set at full cost recovery rates (without subsidy)		✓			
Reduce the extent to which the population needs Council services	Shift spend from reactive to preventative interventions	✓		✓		
	Invest in Preventative services	✓		✓		

OUTLINE MEDIUM TERM FINANCIAL STRATEGY - 2014/15 & BEYOND

Strategy		Protect the Baseline	Increase Income	Reduce Costs	Effective Financial Framework	Financial Resilience
Increase the efficiency and effectiveness of the Council's activity	Capital Investment targeted towards on-going revenue savings			✓		
	Capital Investment targeted towards avoiding future costs	✓				
	Support the Voluntary Sector to increase capacity to provide appropriate Council Services			✓		
	Rationalise operational Council buildings (move towards community based hubs)		✓	✓		
	Smart and lean evidence-based commissioning of services (rationed criteria and needs based)	✓		✓		
	Investigate causes of high cost Services and implement improvements			✓		
	Test the appetite (and "willingness to pay") for high cost / high performance Services					
	Investigate above average costs in the larger / high spending Services and implement reductions			✓		
Withdraw or offer minimal provision of low impact services	Prioritised Service savings based on the overarching strategy: <ul style="list-style-type: none"> • Reducing dependency on Govt. Grant • Reducing need for Council Services • Efficiency & Effectiveness 	✓		✓		
	Withdraw services which are of least value and importance to residents	✓		✓		

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OUTLINE MEDIUM TERM FINANCIAL STRATEGY - 2014/15 & BEYOND

Strategy		Protect the Baseline	Increase Income	Reduce Costs	Effective Financial Framework	Financial Resilience
Aligned Policy Making	Levels of General Reserves are sufficient to avoid unplanned and disorderly reductions to Services in the event of a "financial shock" (e.g. unanticipated funding reduction or exceptional cost increase)				✓	✓
	Levels of General Reserves are sufficient to enable a "smooth" reduction in Council spending where necessary i.e. they can be drawn upon to facilitate a managed reduction in Service provision over time.				✓	✓
	Levels of General Reserves are at a sufficient level consistent with an Authority of this size and risk profile.				✓	✓
	The overall Corporate Contingency is retained at a level that is consistent with the known financial commitments of the Council, but which are not reflected elsewhere in the budget as they are of unknown timing and unknown amount.				✓	✓
	The MTRS Reserve is maintained at a level sufficient to accommodate large scale Spend to Save and Invest to Save Schemes and likely redundancy costs	✓	✓	✓	✓	✓
	Services consider the alignment of their key policies in accordance with the Council's overarching strategy to: <ul style="list-style-type: none"> • Reduce dependency on Govt. Grant • Reduce need for Council Services • Efficiency & Effectiveness 	✓	✓	✓		

OUTLINE MEDIUM TERM FINANCIAL STRATEGY - 2014/15 & BEYOND

Strategy		Protect the Baseline	Increase Income	Reduce Costs	Effective Financial Framework	Financial Resilience
Strong & Aligned Governance Arrangements	To encourage responsible spending, each Portfolio to retain 100% of any year-end underspending and to be held in an earmarked reserve for the relevant Portfolio			✓	✓	
	To encourage longer term financial and service planning, retained underspending to be used in the first instance to cover any year-end overspendings, budget pressures or contingent items	✓			✓	
	Maintain or acquire the specialist knowledge and capacity required to provide the analysis, expertise, judgement and advice to enable proper informed key decisions to be taken with confidence	✓	✓	✓		

RECOMMENDED BUDGET SAVINGS 2014/15 ONWARDS

Savings Proposal		Impact on Level of Service & Service Outcomes	Saving 2014/15 £	Saving 2015/16 £	Saving 2016/17 £
<u>Children and Education Portfolio</u>					
1	Reconfiguration of in-house residential care provision for Looked After Children with cessation of use of one residential property	The reconfiguration of the in-house residential care provided for looked after children may see a reduction in the number of children supported in-house. Additional extra residential care provision may be required, especially for children with complex needs requiring specialist provision	114,500	114,500	114,500
2	20% Reduction in the targeted youth service provision budget	It is expected that the reduction in provision will be met by increased provision through schools as a result of the increase in pupil premium	200,000	200,000	200,000
Children and Education Portfolio Total			314,500	314,500	314,500

Culture, Leisure and Sport Portfolio

3	Parks, Gardens and Open Spaces Conservation - Costs associated with the environmental stewardship of Portsdown Hill and Hilsea Lines to be met from the RPA and DEFRA grants received	No impact on service level	7,400	14,800	22,200
4	City Arts - Reduction in grant to Aspex Visual Arts Trust (AVAT). Grant in 2013/14 is £21,900	There is a desire for AVAT to continue to operate as an independent entity. Discussions have started with ACE SW to better understand their view of their longer-term funding for the organisation which would allow AVAT to explore partnership options with other organisations	10,900	15,900	15,900
5	City Arts - Reduction in grant to Bournemouth Symphony Orchestra. Grant in 2013/14 is £27,900	The funding reductions present an opportunity for the BSO to have a different funding arrangement in Portsmouth with a closer relationship with Portsmouth Cultural Trust which is a venue partnership directly related to their capacity to generate income through effective programming and ticket sales. The relationship with the orchestra has changed since the instigation of Portsmouth Cultural Trust and this would be the right time to move this into a different type of agreement linked to Portsmouth Cultural Trust's desire to be more active programmers	7,900	17,900	27,900
6	City Arts - Cease grant to Dot to Dot	Dot to Dot no longer exist	4,600	4,600	4,600

RECOMMENDED BUDGET SAVINGS 2014/15 ONWARDS

Savings Proposal		Impact on Level of Service & Service Outcomes	Saving 2014/15 £	Saving 2015/16 £	Saving 2016/17 £
7	City Arts - Reduction in grant to Kings Theatre. Grant in 2013/14 is £79,900	The proposed saving in Year 1 would bring both theatres into alignment. The Kings has the capacity to generate new income through box office returns and audience development strategies to generate and create new audiences and increase ticket income. A more active fund raising programme is required outside of their capital programme to support their increasing range of education programmes and extended training schemes	2,900	19,900	19,900
8	City Arts - Reduction in Literature Development	Whilst acknowledging that literature development has a key role to play in raising educational standards in the city this is a key area where external funding could be raised to help support the role and strategic delivery of a programme of work. A good foundation has been put in place and the literature programme has been enhanced considerably however more needs to be done to view the work strategically and to seek funding to ensure delivery into the future	10,000	20,000	20,000
9	Interaction - Reduced use of casual staff, deletion of vacant post plus review of remaining staff. Supplies and services budget reduced to bare minimum	Minimal impact	6,700	15,700	15,700
10	Departmental Establishment - Saving on stationery following relocation of staff in Civic Offices	No impact on service level	1,500	4,500	4,500
11	Departmental Establishment - Income received from European grant funding	No impact on service level	10,000	10,000	10,000
12	Departmental Establishment - Admin review following the restructure of the Regeneration and Culture services	No impact on service level	23,000	23,000	23,000
13	Libraries - Reduce number of library assistants by 5 FTE	All service points would be retained with volunteers providing a supporting role to the remaining staff. Posts would be deleted (not necessarily 5 but 185 hours (37 hours x 5) through natural wastage as far as possible	95,500	95,500	95,500
14	Libraries - Closure of Southsea Library on Sundays	This is the quietest day of the week and would have the least impact on the local community.	10,000	10,000	10,000
15	Libraries - Deletion of late night opening (6 pm- 8pm) one night a week at Cosham, North End and Southsea	Visitor numbers during these times are low, especially in Cosham. There are separate posts for late night opening, these would be deleted and staff contracts would need to be re-negotiated to reflect the reduction in hours. It is anticipated that this proposal could be implemented without the need for redundancies as these would be managed through natural wastage	6,500	6,500	6,500
16	Museums - Review of all customer related roles to bring into single management structure	The staff are employed on full time and part time contracts. A review will be carried out and a consultation process will need to be undertaken	42,000	42,000	42,000

RECOMMENDED BUDGET SAVINGS 2014/15 ONWARDS

Savings Proposal		Impact on Level of Service & Service Outcomes	Saving 2014/15 £	Saving 2015/16 £	Saving 2016/17 £
17	Museums - Increase admissions income at D Day Museum (10%)	Will increase with D Day 70 and new promotions.	4,000	4,000	4,000
18	Museums - Increase venue hire of museum sites	No impact on service level	10,000	12,000	14,000
19	Museums - Increase retail income (10%)	No impact on service level	10,000	12,000	14,000
20	Museums - NNDR saving at Old Records office following re-location of the records to the first floor at Southsea Library	No impact on service level	8,000	8,000	8,000
21	Museums - Reduction in grant to Peter Ashley Activity Centre. Grant in 2013/14 is £16,800	This organisation has been able to diversify their offer over the last year and this could happen further to provide them with a more diverse range of income streams. The current usage of the sites at Fort Widley and Fort Purbrook is helping to keep these Scheduled Ancient Monuments, which are also Grade II* listed buildings, in better condition than if no activity was taking place however the organisation should be using the potential of these sites to generate higher income than they presently do	9,600	9,600	9,600
22	Community Services - Deletion of the remainder of the budget for Community Services Manager post	The aim is to promote greater independence for associations making more use of the Community Action Portsmouth which is to provide support and promote capacity building in the voluntary and community sector. The core SLA monitoring of performance will remain and will be carried out by other officers in Culture	8,700	8,700	8,700
23	Community Services - Delete DDA budget	AMS has a budget and programme for access works to public buildings and much progress has been made. Associations are also able to apply for grant aid to support this and other improvement works	1,500	1,500	1,500
24	Community Services - Delete budget for Binsteed Community Centre	This building has been transferred to Education	2,000	2,000	2,000
25	Community Services - Delete most of repairs budget, retain a small amount for repairs to Anchorage Park Community Centre	Revised repair schedule makes all repairs either Landlord (AMS) or Tenant (Associations). Anchorage is still a directly managed centre	5,100	5,100	5,100
26	Seafront - Increase in sun hut income, raising charge by 9% in 2014/15, followed by 2% in future years	Highly unlikely to have an impact on demand as there are 250 people on the waiting list for a sun hut. PCC prices would remain comparable with other local authorities	5,500	6,900	8,200
27	Events - Outsource the bandstand	Fewer bandstand events may take place. Following outsourcing, PCC fixed costs of infrastructure such as PA and staging absorb a significant amount of the overall budget whereas the facilitating the acts themselves does not	8,000	8,000	8,000

RECOMMENDED BUDGET SAVINGS 2014/15 ONWARDS

Savings Proposal		Impact on Level of Service & Service Outcomes	Saving 2014/15 £	Saving 2015/16 £	Saving 2016/17 £
28	Events - Reduce costs of Southsea and Rural Show in 2014/15, delete in 2015/16	Not significant in the first year but increased savings for subsequent years may mean this event may not take place in its current format	3,000	18,200	18,200
29	Events - Increase concession income to offset costs of Kite Festival in 2014/15 and 2015/16, transfer to external sponsor from 2016/17	No significant impact in the first year but increased savings for subsequent years will mean this event may not take place in its current format	2,000	3,500	19,500
30	Events - No bonfire at KGV fireworks in 2014/15, costs to be reduced further in 2015/16 and 2016/17, smaller firework displays and increased concession income	No significant impact in the first year but increased savings for subsequent years will mean this event may not take place in its current format. Significant part of the fixed costs is the Bonfire construction and removal and the cost of policing	4,600	5,600	7,400
31	Pyramids - This is the forecast saving of the reduced costs of the BH Live contract and estimated maintenance costs compared to the Council approved revenue budget	There would be no impact to the service - the only risk is that the expected maintenance costs following a condition survey are higher than forecast	100,000	100,000	100,000
32	Sports Development - Cease all PCC funded activity focused on sports development	The service will be reviewed. External funding opportunities from outside agencies like the Lawn Tennis Association and Sport England will continue to be sought	35,000	35,000	35,000
Culture, Leisure and Sport Portfolio Total			455,900	540,400	580,900

Environment and Community Safety Portfolio

33	Reletting of CCTV monitoring contract resulting costs reduction	No impact on service level	17,200	18,900	20,600
34	Reduction in number of required BT circuits as a result of transfer to changes in image transmission method	More images will be transmitted using internet, Wi-Fi technology and Local Authority network where possible	40,000	40,000	40,000
35	Reletting of CCTV maintenance contract resulting costs reduction	No impact on service level. The agreed contract cost has been reduced for planned maintenance	30,000	30,000	30,000
36	Contribution to head of service salary PH ring fenced grant and Licensing	No direct impact on service but requires some re-organisation of responsibilities across the service	30,000	30,000	30,000
37	Savings as a result of the city wide anti-social behaviour review	Some services such as community wardens will need to work differently	69,500	194,500	379,500
38	Review non-statutory Community Trading Standards Services	Focus on statutory and regulatory services will mean a limited engagement with community events, no administrative support for No Cold Calling Zones and the EDGE volunteer scheme no longer being sustained	60,000	60,000	60,000

RECOMMENDED BUDGET SAVINGS 2014/15 ONWARDS

Savings Proposal		Impact on Level of Service & Service Outcomes	Saving 2014/15 £	Saving 2015/16 £	Saving 2016/17 £
39	Review Environmental Health Staffing	Staffing reductions will be made which will ensure that we will deliver the minimum acceptable level of service in accordance with statutory functions	62,100	62,100	62,100
40	Additional Environmental Health Income - Fees and charges and new contracts	No impact on service level	40,000	40,000	40,000
41	Sea Defences - Reduction in reactive coastal maintenance	The Council is currently working on bids to the Environment Agency to gain a large amount of funding for capital works and larger maintenance projects have therefore been postponed until the Council finds out whether these funding bids have been successful	25,000	25,000	25,000
Environment and Community Safety Portfolio Total			373,800	500,500	687,200
<u>Governance and Audit Committee Portfolio</u>					
42	Additional Registrars income and increased fees and charges	No impact on service level but increased charges for service users	53,300	84,000	89,000
Governance and Audit Committee Portfolio Total			53,300	84,000	89,000
<u>Health and Social Care Portfolio</u>					
43	Contribution from Public Health to a range of existing activities to enable continued support for improving a range of Public Health Outcomes including health inequalities, sexual health, smoking cessation, alcohol and substance misuse, Health checks obesity etc.	There will be a re-allocation of some Public Health funding to alternative activities that improve public health outcomes	1,184,800	1,118,000	1,118,000
44	Review and cease funding for "Moderate" care	A proportion of 'moderates' will become 'substantial' earlier. Prevention is at the heart of the care bill which 'moderate' care is seen as. However, many LA's do not declare eligibility below 'substantial' (but most have an alternative service to cover it in some form), we will consider the impact and if there are real cost savings from non-funded care	105,000	105,000	105,000
45	Transfer funding of Domiciliary Care for non personal care tasks i.e. Welfare visits to voluntary sector	Lower risk to clients. Change of how low level task is provided	20,000	20,000	20,000
46	Review / monitor Dom Care activity	To ensure PCC only paying for contracted activity therefore no adverse impact	25,000	25,000	25,000

RECOMMENDED BUDGET SAVINGS 2014/15 ONWARDS

Savings Proposal		Impact on Level of Service & Service Outcomes	Saving 2014/15 £	Saving 2015/16 £	Saving 2016/17 £
47	Patey service	Service will be re-located to Royal Albert Day centre	100,000	100,000	100,000
48	Review / reshape Learning Disability (LD) day services	Review of existing LD services (both PCC and Commissioned). Possible rationalisation of bases. Some disruption for users and increased travel time. It will take time to review and stimulate private sector for new models of care	50,000	90,000	90,000
49	Relocate Vanguard Physical Disability (PD) day service	There are plans to meet the needs of service users through more personalised approaches	100,000	100,000	100,000
50	Learning Disability residential contracts cost model review with suppliers	Whilst suppliers have held prices for some time scope for major reductions are limited	100,000	100,000	100,000
51	Physical Disability residential contracts cost model review with suppliers	Whilst suppliers have held prices for some time there is some scope for reductions	10,000	10,000	10,000
52	Reduction in funding for Adult Mental Health service	Some delayed service delivery	95,000	187,500	187,500
53	Staff reductions and manage the vacancy rate	Could have an impact on ability to deliver care in a timely fashion.	120,000	120,000	120,000
54	Reduction in training budget	Staff will continue to be appraised of new national policies via alternative means	20,000	20,000	20,000
55	Reducing Dual Diagnosis service (Mental Health and Substance Misuse)	Reduced support hours	100,000	100,000	100,000
56	Re tendering/ re modelling MH supporting people contracts	Reduction in MH supported living services activity	250,000	250,000	250,000
57	Decommission First Base (YOU Trust) advice service	Minimal impact for service users. Many now using housing options.	55,000	55,000	55,000
58	Decommission Safer Communities (Two Saints) service	Service no longer supported	50,000	50,000	50,000
59	Take higher rate Disability Living Allowance into account where night time care is provided	Portsmouth City Council adopts the Department of Health's Fairer Charging discretion which allows Local Authorities to take the higher rate of Disability Living Allowance (Care component) into account as income for the financial assessment when the Local Authority is commissioning night time care. Applying this principle in Portsmouth will affect approximately 18 clients, where 24 hour support is provided. All clients affected by the change will be visited by a member of our Financial Assessments and Benefits (FAB) Team to explain in person and ensure all welfare benefits are being claimed	20,000	20,000	20,000

RECOMMENDED BUDGET SAVINGS 2014/15 ONWARDS

Savings Proposal		Impact on Level of Service & Service Outcomes	Saving 2014/15 £	Saving 2015/16 £	Saving 2016/17 £
60	Disallowing privately arranged care as a disability related expense	Approximately 109 clients will have an increase in weekly charge on average of £11.00 per week. Service users likely to have a reduction in their disposable income to meet essential living costs. All clients affected by the change visited by the FAB team who will complete a full welfare benefits check, provide an explanation of the change and complete a new fairer charging financial assessment	60,000	60,000	60,000
61	De-registration of out of city properties enabling ordinary residence application	There may be objections from other local authorities who may have to take over funding through ordinary residence rules	200,000	200,000	200,000
62	Reduce support for ASC Sub misuse	Reduction in number of residential rehabilitation placements	100,000	100,000	100,000
63	Savings generated from roll out of Resource Allocation System (RAS)	None - appropriate levels of care provided	20,000	20,000	20,000
64	Move Community / CHC team from Paulsgrove to Civic	Rent saving offset by some increased parking charges. Accommodation would need to be found within the Civic Offices for 70 staff	40,000	40,000	40,000
65	Charge separately for Transport costs for day services	Currently transport provided within existing charge	50,000	50,000	50,000
66	Supporting People - Renegotiate contract for older people with support needs	Low impact currently anticipated as the contract will be specified more tightly	25,000	25,000	25,000
Health and Social Care Portfolio Total			2,899,800	2,965,500	2,965,500

RECOMMENDED BUDGET SAVINGS 2014/15 ONWARDS

Savings Proposal		Impact on Level of Service & Service Outcomes	Saving 2014/15 £	Saving 2015/16 £	Saving 2016/17 £
Housing Portfolio					
67	Additional Telecare Income	No impact on service level	28,000	48,000	68,000
68	Complete review of HomeCheck staff and resource plus full cost recovery of activity	A full operational review of Home Safety services provided to older people, and families with children under 5, will affect waiting times alongside the introduction of charges for certain services that are currently available free to vulnerable residents	62,000	62,000	62,000
69	Review of Private Sector Housing Staffing	Reduction in non statutory functions provided regarding environment and Housing condition	65,000	65,000	65,000
115	Appropriation of Care Homes: Assumes Corben(Year 3), Edinburgh(Yr3), Hulsea(Yr2) and Longdean (Yr1)	Appropriations totalling £17.5m will have a significant effect on the HRAs borrowing headroom and therefore the ability to finance the build of new homes	155,200	326,400	642,900
Housing Portfolio Total			310,200	501,400	837,900
Leader Portfolio					
70	Re-negotiation of Big Screen maintenance contract	No impact on service level	8,000	8,000	8,000
71	Reduction in Community Events budget to include the removal of the grant to St Mary's Church for the May Day Fayre of £2,500	Funding for the event will have to be found from other sources or income raised to meet the shortfall	3,100	3,100	3,100
Leader Portfolio Total			11,100	11,100	11,100

RECOMMENDED BUDGET SAVINGS 2014/15 ONWARDS

Savings Proposal		Impact on Level of Service & Service Outcomes	Saving 2014/15 £	Saving 2015/16 £	Saving 2016/17 £
<u>Planning Regeneration and Economic Development Portfolio</u>					
72	Tourism - Increased income from advertising on web site	Web and social media officer to further promote advertising on Visit Portsmouth	8,000	11,600	13,200
73	Tourism - Increased income from Tourist Guides and associated activities	VIS Officer to promote service further once new Guides trained plus increase charges for scheduled activity	1,000	2,000	3,000
74	Tourism - Review of staff structure in association with Museum Service	Portion of joint saving with Museum Service. This will be a formal review and include staff consultation	12,000	12,000	12,000
75	Tourism - Cease subscription to Tourism South East	Some costs to join Tourism South East activity may be greater	4,000	8,000	8,000
76	Reduction in stationery costs	Now included in Museum budgets since re-location of Southsea Tourist Information Centre and D Day Museum	3,000	3,000	3,000
77	Tourism - Cease support to cruise shuttle buses	Alternative funding will be sought. If this is not successful and the Port is unable to cover the cost, the shuttle bus may not run	2,600	2,600	2,600
78	Tourism - Reduce trade show participation	To be picked up by private sector participation at shows	1,000	2,000	3,000
79	Tourism - Reduce print advertising, covered by web and social media work	No impact on service level	2,000	5,000	8,000
80	Planning - Introduction of charges for pre-application planning enquiries	May result in a lower number of enquiries being received	10,000	10,000	10,000
81	Planning - Receipt of Community Infrastructure Levy admin element (5%) will be used of offset the costs of staff collecting and monitoring this income	No impact on service level	43,000	73,000	73,000
82	Regeneration - Reduction in supplies and services budget following integration of service into City Development service	No impact on service level	5,000	5,000	5,000
83	Review of staffing structure, additional income and sponsorship at PCMI	No impact on service level	14,200	14,200	14,200
84	Review of staffing structure, additional income and sponsorship across Town Centre Management	Reduction in number of events and activities	8,600	11,600	11,600
85	Reduction in Grant Funding as per the Portsmouth Cultural Trust Business Plan	No adverse impact	50,000	50,000	120,000
Planning Regeneration and Economic Development Portfolio Total			164,400	210,000	286,600

RECOMMENDED BUDGET SAVINGS 2014/15 ONWARDS

Savings Proposal		Impact on Level of Service & Service Outcomes	Saving 2014/15 £	Saving 2015/16 £	Saving 2016/17 £
Resources Portfolio					
86	Reduce level of funding to Relate and fully withdraw service in 15/16	PCC funding is used to support the organisations infrastructure so may have significant impact	20,000	45,000	45,000
87	Review and renegotiate contracts awarded by Adult Social Care to Third sector	Contracts are regularly reviewed and renegotiated	30,500	30,800	39,200
88	Additional Investment Property income	No impact on service level	27,800	55,600	83,400
89	Service review within Customer, Community and Democratic Services	Could increase response times and reduce the levels of customer service such as consultations and equality issues	133,900	133,900	133,900
90	Delete twinning budget	Individual committees to raise funds independently by applying for grants or other sources of income	8,000	8,000	8,000
91	Complete discontinuance of Internal Bailiff Service	All bailiff activity for the collection of Council Tax and Business Rates to be externalised. Impact on the overall collection rate of Council Tax is expected to be neutral. Contract management arrangements for the External Bailiff contract will need to be enhanced but will be managed from within the remaining resources	100,000	100,000	100,000
92	Reduction of 1.5FTE posts in Central Debt Recovery Team	A low risk of a reduction in the overall collection rate for Council Tax (1% reduction in Council Tax collection equates to £590,000)	55,000	55,000	55,000
93	Introduce surcharges for all Credit Card transactions	The transaction costs currently borne by the City Council from card providers will be passed on to those residents that choose to pay for services by credit card. Payments by debit card will remain free of charge	15,000	30,000	30,000
94	Amend Treasury Management Policy to increase the length of time over which investments can be made to Investment Grade financial institutions (A and BBB rated)	Additional interest income on temporary surplus cash balances with a small increase in risk of default. At present the City Council's Treasury Management Policy has been benchmarked at average risk. This proposal would shift the Council's policy to just above average risk	100,000	100,000	100,000
95	Increase in Appointeeship activities for Adult Social Care Clients (Additional income shared with Adult Social Care)	Management of the finances and benefits of Adult Social Care clients by maximising income through welfare benefits and ensuring that payments to others including PCC are made in a timely fashion. This process ensures that PCC will be able to maximise the receipt of income for the care provided	50,000	50,000	50,000

RECOMMENDED BUDGET SAVINGS 2014/15 ONWARDS

Savings Proposal		Impact on Level of Service & Service Outcomes	Saving 2014/15 £	Saving 2015/16 £	Saving 2016/17 £
96	Review of Admin and Management staffing in Maintenance Team to ensure existing level of service is maintained	No adverse impact	152,800	305,600	458,400
97	Review of Housing & Property Services Business Support function	No adverse impact	113,200	113,200	113,200
98	Review of Housing & Property Services Design Team	No adverse impact	26,600	26,600	26,600
99	Transfer of Housing & Property Services Security function and Staffing Review	No adverse impact	64,100	64,100	64,100
100	Increased income from chargeable services, including audit, training and temp agency within Human Resources, Legal & Performance	No adverse impact	40,000	60,000	80,000
101	Service and Efficiency review within Human Resources, Legal & Performance	Core functions will continue	170,000	170,000	170,000
102	Reduction in GIS & Modern Records service	Map production will be limited to a basic service	45,000	45,000	45,000
103	Staff reductions -Reduction in the services provided by IS to internal customers. Specifically the database administration function, applications development and maintenance, helpdesk support and strategic ICT support given to services to help plan their business going forward.	<ul style="list-style-type: none"> • The Information Service may not be able to take on support of any new systems without charging services. • There will be an increased probability of systems downtime. Operations work will need be re-prioritised. This may affect services • A corporate priority order will have to be agreed. • Upgrades will take place during the working day resulting in unavailability of systems to frontline and corporate services. There will be no capacity to develop or continue to maintain flexible and mobile working solutions outside of separately funded projects. • Contractor resources will have to be used for projects, upgrades and urgent or unplanned work. • Applications and helpdesk support for frontline service may be significantly reduced 	150,000	150,000	150,000
104	Savings negotiated with supplier on landline telephone call charges	None - discount negotiated with supplier	30,000	30,000	30,000
105	Reduction in energy charges delivered through new data centre facility	None - more efficient facility	30,000	30,000	30,000
106	Management & staff reductions through vacancy management and reduced hours within Revenues & Benefits	Benefit payments to claimants may be further delayed	292,300	292,300	292,300

RECOMMENDED BUDGET SAVINGS 2014/15 ONWARDS

Savings Proposal		Impact on Level of Service & Service Outcomes	Saving 2014/15 £	Saving 2015/16 £	Saving 2016/17 £
107	Reduction in funds for Local Welfare Assistance Scheme (LWAS, was Social Fund)	Low impact currently anticipated	55,000	55,000	55,000
108	Reduction in funds for Discretionary Business Rate Relief	None currently anticipated	45,000	45,000	45,000
109	Charge (cost recovery) for payment by Credit Card	None currently anticipated	10,000	10,000	10,000
110	Deletion of Members IT & Subsistence budgets	Members will be required to provide their own IT hardware and meet their own subsistence costs	6,000	6,000	6,000
111	"Cap" Members allowances at no more than the maximum recommended by the Independent Remuneration Panel	The allowances paid to some Members will reduce	6,700	6,700	6,700
Resources Portfolio Total			1,776,900	2,017,800	2,226,800
<u>Across All Portfolios</u>					
112	Contract savings	Risk that contractual disputes may occur and require resolution. In some cases the scope of contracts may need to be changed in order to make savings	1,250,000	1,250,000	1,250,000
<u>Across All Portfolios</u>			1,250,000	1,250,000	1,250,000
<u>Traffic and Transportation Portfolio</u>					
113	Travel Tokens - The removal of the discretionary travel token entitlement for qualifying disabled residents. The current level of tokens is £45 and is taken up by approx. 3,300 residents	Residents who qualify for travel tokens can also apply for the Nationwide concessionary bus pass that allows unlimited travel on local buses after 9.30am. PCC will actively promote the bus pass and also assist residents with the application process. Additionally PCC subsidises the Dial-A-Ride scheme to the sum of £117,000 per annum and this operates 7 days a week. This service is available to anyone with a disability	148,500	148,500	148,500
114	Reduce annual transfer to Tri-Sail Reserve	No adverse impact - Level of Reserve is sufficient to meet medium term maintenance requirements	30,000	30,000	30,000
Traffic and Transportation Portfolio Total			178,500	178,500	178,500

RECOMMENDED BUDGET SAVINGS 2014/15 ONWARDS

Savings Proposal		Impact on Level of Service & Service Outcomes	Saving 2014/15 £	Saving 2015/16 £	Saving 2016/17 £
<u>Other Expenditure</u>					
116	Appropriation of Children's Homes: Assumes Lightfoot Lawn & Beechside	Appropriations totalling £17.5m will have a significant effect on the HRAs borrowing headroom	114,100	114,100	114,100
117	Appropriation of Development Land in Havant: Riders Lane, Kingsclere, Blendworth, Prospect Lane, Plaitford Grove, Cabbage Field Row, and Stable Cottage	Appropriations totalling £17.5m will have a significant effect on the HRAs borrowing headroom	870,100	870,100	870,100
118	Appropriation of Garage Sites	Appropriations totalling £17.5m will have a significant effect on the HRAs borrowing headroom	38,500	38,500	38,500
119	Appropriation of Brunel Wing	Appropriations totalling £17.5m will have a significant effect on the HRAs borrowing headroom	468,000	820,000	820,000
120	Appropriation of land next to City Museum	Appropriations totalling £17.5m will have a significant effect on the HRAs borrowing headroom	184,800	184,800	184,800
121	Appropriation of former Buckland Family Centre	Appropriations totalling £17.5m will have a significant effect on the HRAs borrowing headroom	26,400	26,400	26,400
122	Transfer funding of the Tenancy Support Service to the HRA	No adverse impact	370,200	370,200	370,200
Other Expenditure Total			2,072,100	2,424,100	2,424,100
Portfolio Grand Total			9,860,500	10,997,800	11,852,100

RECOMMENDED BUDGET PRESSURES 2014/15 ONWARDS

Budget Pressure Summary	Impact if Bid Rejected	Proposed Action to Minimise Impact	2014/15 £	2015/16 £	2016/17 £
<u>Children and Education Portfolio</u>					
1 There are anticipated Budget Pressures within the service amounting to £2.6m. A number of these are genuine contingent items, amounts for which some central contingency provision has been made. The Budget Pressures of most significance relates to Looked After Children and external residential placements for children with Special Needs.	Services will require some re-prioritisation but it is unlikely that additional savings of this magnitude could be found without involving reductions in performance and a possible inability to deliver statutory duties, including ensuring the safety of children in care.	All mitigating action has already been applied in delivery of savings requirements.	336,600	336,600	336,600
Children and Education Portfolio Total			336,600	336,600	336,600
<u>Culture, Leisure and Sport Portfolio</u>					
2 During 2014, Portsmouth aspires to be at the heart of key national events including the 70th anniversary of the D-Day landings; the 100th anniversary of the outbreak of the First World War, and the 350th anniversary of the formation of the Royal Marines. An exciting and engaging programme of events has been proposed and invitations to Her Majesty the Queen, President Obama and the UK and Canadian Prime Ministers have been distributed. Various bids for funding are due to be submitted and officers will have a decision by the end of November 2013. Total expenditure budget is £348,000 and it is hoped that this cost will be fully met from contributions/sponsorship and successful bids to relevant funding Agencies. However, this pressure reflects a very cautious assessment of the likelihood of bids being successful and the potential shortfall in funding. This will be refined and updated in the coming months.	The events in 2014 will have to be scaled down dramatically and some will have to be cancelled. Should the bids be successful and sufficient sponsorship secured, the budget pressure will not arise. It is unlikely that current veterans of the D-Day landings will be able to participate in any future commemorations.	Sponsorship will be sought but the City Council will be required to fund any shortfall as no other funding source is available.	150,000		
Culture, Leisure and Sport Portfolio Total			150,000	0	0

RECOMMENDED BUDGET PRESSURES 2014/15 ONWARDS

Budget Pressure Summary	Impact if Bid Rejected	Proposed Action to Minimise Impact	2014/15 £	2015/16 £	2016/17 £
<u>Environment and Community Safety Portfolio</u>					
3 Income from Trading Standards Service Activity	There is a projected annual shortfall in the trading Standards budget of £31,900. Last year the service was able to offset this within its existing budget. However, this is no longer sustainable.	The service is currently expanding its business services through primary authority agreements and local training but additional income is not realistically projected to be able to cover the shortfall. There are no grants currently available.	31,900	31,900	31,900
4 Additional food sampling costs due to new legislative requirements requiring PCC to increase its sampling of shellfish to include mussels and clams	If the Council fails to carry out its statutory function to sample classified shellfish beds, as directed by CEFAS, it presents a considerable risk to its reputation, the health of the public and the possibility of enforcement action. The potential loss of income to the fishing industry as a result of failing in the Council's duties would result in the declassification and closure of the beds, which is worth circa £430,000 per year. The Food Standards Agency has stated that it would be unacceptable for the Council to discontinue the wider sampling of foods to ensure that it is fit for consumption and that the content is as labelled.	There is no alternative funding source for this.	20,000	20,000	20,000
Environment and Community Safety Portfolio Total			51,900	51,900	51,900

RECOMMENDED BUDGET PRESSURES 2014/15 ONWARDS

Budget Pressure Summary	Impact if Bid Rejected	Proposed Action to Minimise Impact	2014/15 £	2015/16 £	2016/17 £
Health and Social Care Portfolio					
5 Residential / Nursing Fees - This pressure has arisen following a number of Judicial Reviews throughout the UK into both how fees are being set as well as the consultation process with private providers.	<p>If the increase in fees were met from identified existing budgets, the extra pressure on the budget would mean more delays to admissions than already anticipated, which could be unsafe for clients as well as placing pressure on other parts of the system, e.g. Health with delayed discharges from hospital resulting in additional pressures on Accident & Emergency admissions.</p> <p>If this pressure is not funded, it will substantially increase the risk of Judicial Review.</p>	None	268,000	268,000	268,000
6 There are anticipated Budget Pressures within the service amounting to £1.17m. The pressures of most significance is Learning Disability transition Cases whereby young people with learning disabilities transfer to Adult Social Care.	<p>If this pressure is not funded, further savings of £337k would have to be made against social care staffing and care management budgets. Coming on top of the significant budget savings being recommended, this would significantly increase the risks arising from delays in providing care and an inability to fulfil the statutory functions of assessment and provision of services, such as domiciliary care. The outcome would impact adversely on the health and wellbeing of those requiring Adult Social Care Services and increase the risk of Judicial Review.</p>	Reductions in statutory services would be implemented using a risk based approach.	336,600	336,600	336,600
Health and Social Care Portfolio Total			604,600	604,600	604,600

RECOMMENDED BUDGET PRESSURES 2014/15 ONWARDS

Budget Pressure Summary	Impact if Bid Rejected	Proposed Action to Minimise Impact	2014/15 £	2015/16 £	2016/17 £
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Planning Regeneration and Economic Development Portfolio

7 Increased costs for electricity and gas usage in the Civic Offices	<p>The impact will result in less control of the heating and cooling of the Civic Offices building resulting in significant complaints of high temperatures during summer months and the possibility that the office temperature will be lower than 16 degrees during winter months. As 16 degrees is the lowest working temperature, this would necessitate staff being sent home and unable to work within the building as well as supplementary heating being provided at a potentially higher cost.</p> <p>It may also impact on any potential leasing possibilities for the Brunel Wing, as expressions of interested parties have identified that core services (e.g., energy, utilities, etc.) are likely to be procured through PCC from the tenant.</p>	There is no alternative funding source for this.	100,000	100,000	100,000
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Planning Regeneration and Economic Development Portfolio Total			100,000	100,000	100,000
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Resources Portfolio

8 Resourcing Academy Transfers	<p>It is essential that PCC invests sufficient resources across departments to support Academy transfers. This will mitigate against key risks to the Council such as employment claims, contractor claims and land and property access problems. Without investment, transfers will be delayed and the Department for Education could intervene and insist that the transfer goes ahead without either the Authority's approval or a Commercial Transfer Agreement.</p>	There is no alternative funding source for this.	167,400	167,400	0
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RECOMMENDED BUDGET PRESSURES 2014/15 ONWARDS

Budget Pressure Summary	Impact if Bid Rejected	Proposed Action to Minimise Impact	2014/15 £	2015/16 £	2016/17 £
9 Loss of income arising from transfer of schools to Academies. Services are able to reduce the associated variable staffing costs but the fixed overheads remain.	Further reductions in staffing in excess of already submitted savings proposals. This would compromise financial and management control; increased risk of budget overspend; reduction in payment performance, and financial support to new projects and corporate initiatives would be increasingly limited.	There is no alternative funding source for this.	100,000	100,000	100,000
Resources Portfolio Total			267,400	267,400	100,000
<u>Traffic and Transportation Portfolio</u>					
10 School Crossing Patrols	This was a budget saving agreed by the Administration in 2013/14 but it now cannot be agreed in the medium term due to the logistics arising from the changes in arrangements.	There is no alternative funding source for this.	200,000	200,000	200,000
11 Increased Costs for Electricity for Street Lighting	Services elsewhere within the Transport portfolio would need to be cut as the service is unable to absorb this pressure.	There is no alternative funding source for this.	150,000	150,000	150,000
Traffic and Transportation Portfolio Total			350,000	350,000	350,000
Grand Total			1,860,500	1,710,500	1,543,100

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