

From CABINET MEETING held on 9 February 2017

Council Agenda Item 8 (Cabinet minute 7)

**Portsmouth City Council - Budget & Council Tax 2017/18
& Medium Term Budget Forecast 2018/19 to 2020/21**

RECOMMENDED:

- (1) That the following be approved in respect of the Council's Budget:
 - (a) The revised Revenue Estimates for the financial year 2016/17 and the Revenue Estimates for the financial year 2017/18 as set out in the General Fund Summary (Appendix A)
 - (b) The Portfolio Cash Limits for the Revised Budget for 2016/17 and Budget for 2017/18 as set out in Sections 7 and 9, respectively
 - (c) That £3.5m be transferred to the Revenue Reserve for Capital to supplement the resources available for the Capital Programme in order to ensure the Council can properly meet its statutory responsibilities including School Places, Sea Defences and potential match funding commitments for the City Centre Road
 - (d) That £3.0m be transferred to the MTRS Reserve to restore it to a level sufficient to enable the Council to pursue both Spend to Save schemes, Invest to Save schemes and fund redundancy costs, all aimed at facilitating the Council's savings strategy
 - (e) That £1.9m is carried forward from 2016/17 to 2017/18 in respect of contingent items that were expected to arise in 2016/17 but are now expected to occur in 2017/18
 - (f) Any further underspendings for 2016/17 arising at the year-end outside of those made by Portfolios be transferred to Capital Resources in order to provide funding for known future commitments such as Secondary School Places, Sea Defences and the enabling transport infrastructure necessary for the City's development and growth which have, as yet, insufficient funding
 - (g) Any variation to the Council's funding arising from the final Local Government Finance Settlement be accommodated by a transfer to or from General Reserves.
 - (h) The S.151 Officer be given delegated authority to make any necessary adjustments to Cash Limits within the overall approved Budget and Budget Forecasts

- (i) That the level of Council Tax be increased by 1.99% for general purposes in accordance with the referendum threshold¹ for 2017/18 announced by Government (as calculated in recommendation 4 (d))
 - (j) That the level of Council Tax be increased by a further 3.0% beyond the referendum threshold (as calculated in recommendation 4 (d)) to take advantage of the flexibility offered by Government to implement a "Social Care Precept"; and that in accordance with the conditions of that flexibility, the full amount of the associated sum generated of £2,022,300 is passported direct to Adult Social Care
 - (k) Managers be authorised to incur routine expenditure against the Cash Limits for 2017/18 as set out in Section 9
 - (l) That the savings requirement for 2018/19 be set at a minimum on-going sum of £4.0m
 - (m) That the S.151 Officer be given delegated authority to make transfers to and from reserves in order to ensure that they are maintained as necessary and in particular, adjusted when reserves are no longer required or need to be replenished
 - (n) Directors be instructed to start planning how the City Council will achieve the savings requirements shown in Section 10 and that this be incorporated into Service Business Plans
 - (o) The minimum level of General Reserves as at 31 March 2017 be maintained at £7.0m (£7.0m in 2016/17) to reflect the known and expected budget and financial risks to the Council
 - (p) Members have had regard for the Statement of the Section 151 Officer in accordance with the Local Government Act 2003 as set out in Section 13.
- (2) That the following be noted in respect of the Council's Budget:
- (a) The Revenue Estimates 2017/18 as set out in Appendix A have been prepared on the basis that the 3% tax increase for the "Social Care Precept" (amounting to £2,022,300) is passported to Adult Social Care in order to provide for otherwise unfunded budget pressures including the cost of the new National Living Wage and demographic pressures arising from a "living longer" population
 - (b) The decision on the amount at which to set the Adult Social Care precept will be critical for the Social Care and wider Health system in the City; in the event that the additional flexibility of the "Social Care Precept" and associated 3% tax increase (amounting to £674,100 for each 1%) is not taken, then equivalent savings will need to be made in Adult Social Care in 2017/18

¹ Council Tax increases beyond the referendum threshold can only be implemented following a "Yes" vote in a local referendum

- (c) In general, any reduction from the 4.99% Council Tax increase proposed will require additional savings of £674,100 for each 1% reduction in order for the Budget 2017/18 to be approved
- (d) The Revenue Forecast for 2018/19 onwards as set out in Section 10 and Appendix B
- (e) The estimated Savings Requirement of £12m for the three year period 2018/19 to 2020/21, for financial and service planning purposes, be phased as follows:

Financial Year	In Year Savings Requirement £m	Cumulative Saving £m
2018/19	4.0	4.0
2019/20	4.0	8.0
2020/21	4.0	12.0

- (f) The MTRS Reserve held to fund the upfront costs associated with Spend to Save Schemes, Invest to Save Schemes and redundancies will hold an uncommitted balance of £4.4m² and will only be replenished in future from an approval to the transfer of any underspends, contributions from the Revenue Budget or transfers from other reserves which may no longer be required
 - (g) The Council Tax element of the Collection Fund for 2016/17 is estimated to be a surplus of £1,743,962 which is shared between the City Council (85%), Police & Crime Commissioner (11%) and the Hampshire Fire & Rescue Authority (4%)
 - (h) The Business Rate element of the Collection Fund for 2016/17 is estimated to be a surplus of £3,017,262 which is shared between the City Council (49%), the Government (50%) and the Hampshire Fire & Rescue Authority (1%)
 - (i) The Retained Business Rate income³ for 2017/18 (excluding "Top Up") based on the estimated Business Rate element of the Collection Fund surplus as at March 2017, the Non Domestic Rates poundage for 2017/18 and estimated rateable values for 2017/18 has been set at £43,648,937
- (3) That the S.151 Officer has determined that the Council Tax base for the financial year 2017/18 will be **55,329.9** [item T in the formula in Section 31 B(1) of the Local Government Finance Act 1992, as amended (the "Act")].

² Including the transfer into the reserve of £3.0m contained with the recommendations in this report

³ Including the Portsmouth City Council element of the Collection Fund surplus of £1,478,458, S31 Grants of £2,217,322 and excluding the "Top Up" grant from Government of £5,984,004.

- (4) That the following amounts be now calculated by the Council for the financial year 2017/18 in accordance with Section 31 and Sections 34 to 36 of the Local Government Finance Act 1992:

(a)	£463,193,930	Being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act.
(b)	£392,420,348	Being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act.
(c)	£70,773,582	Being the amount by which the aggregate at 4 (a) above exceeds the aggregate at 4(b) above, calculated by the Council in accordance with Section 31A(4) of the Act as its Council Tax requirement for the year. (Item R in the formula in Section 31B(1) of the Act.
(d)	£1,279.12	Being the amount at 4(c) above (Item R), all divided by Item 3 above (Item T), calculated by the Council, in accordance with Section 31B(1) of the Act, as the basic amount of its Council Tax for the year.

(e) Valuation Bands (Portsmouth City Council)

A	B	C	D	E	F	G	H
£	£	£	£	£	£	£	£
852.75	994.87	1,137.00	1,279.12	1,563.37	1,847.62	2,131.87	2,558.24

Being the amounts given by multiplying the amount at 4(d) above by the number which, in the proportion set out in Section 5(1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in Valuation Band D, calculated by the Council, in accordance with Section 36(1) of the Act, as the amounts to be taken into account for the year in respect of categories of dwellings in different valuation bands.

- (5) That it be noted that for the financial year 2017/18 the Hampshire Police & Crime Commissioner is consulting upon the following amounts for the precept to be issued to the Council in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of the dwellings shown below:

Valuation Bands (Hampshire Police & Crime Commissioner)

A	B	C	D	E	F	G	H
£	£	£	£	£	£	£	£
110.31	128.69	147.08	165.46	202.23	239.00	275.77	330.92

- (6) That it be noted that for the financial year 2017/18 Hampshire Fire and Rescue Authority are recommending the following amounts for the precept issued to the Council in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of the dwellings shown below:

Valuation Bands (Hampshire Fire & Rescue Authority)

A	B	C	D	E	F	G	H
£	£	£	£	£	£	£	£
42.56	49.65	56.75	63.84	78.03	92.21	106.40	127.68

- (7) That having calculated the aggregate in each case of the amounts at 4(e), 5 and 6 above, the Council, in accordance with Sections 31A, 31B and 34 to 36 of the Local Government Finance Act 1992 as amended, hereby sets the following amounts as the amounts of Council Tax for the financial year 2017/18 for each of the categories of dwellings shown below:

Valuation Bands (Total Council Tax)

A	B	C	D	E	F	G	H
£	£	£	£	£	£	£	£
1,005.62	1,173.21	1,340.83	1,508.42	1,843.63	2,178.83	2,514.04	3,016.84

- (8) The Council determines in accordance with Section 52ZB of the Local Government Finance Act 1992 that the Council's basic amount of Council Tax for 2017/18, which represents a 4.99% increase, is not excessive in accordance with the principles approved by the Secretary of State under Section 52ZC of the Act.

The 4.99% increase includes a 3% increase to support the delivery of Adult Social Care.

As the billing authority, the Council has not been notified by a major precepting authority (the Police and Crime Commissioner for Hampshire or the Hampshire Fire & Rescue Authority) that its relevant basic amount of Council Tax for 2017/18 is excessive and that the billing authority is not required to hold a referendum in accordance with Section 52ZK of the Local Government Finance Act 1992.

- (9) The S.151 Officer be given delegated authority to implement any variation to the overall level of Council Tax arising from the final notification of the Hampshire Police & Crime Commissioner and Hampshire Fire and Rescue Authority precepts.